ANHEUSER-BUSCH
COMPANIES, INC.

Vision

"If we want to get to the future first,
we must be the architect
of industry change."
August A. Busch III

Annual Report 1995

CORPORATE PROFILE: Anheuser-Busch Companies, Inc. is the world's largest brewer and one of the largest theme park operators in the U.S. The company is also the second-largest U.S. manufacturer of aluminum beverage containers and the world's largest recycler of aluminum beverage containers.

In 1995, Anheuser-Busch restructured its operations to focus its resources and long-term strategic direction on its core businesses of beer, entertainment and packaging. This report takes a look at these changes and what this new focus means for the company and its shareholders both today and in the future.

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Net Sales
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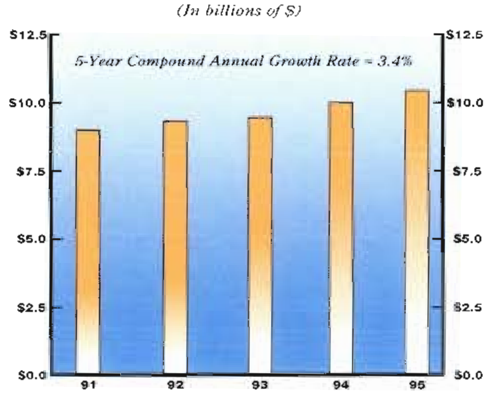
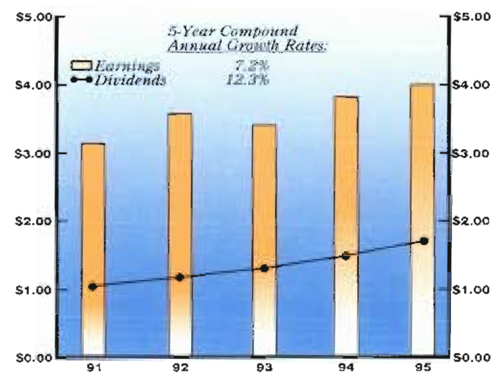
(In billions of $)



Earnings & Dividends Per Share
Continuing Operations, Normalized



The financial results presented below include the impact of 1995 nonrecurring special items (See Note 2).

To facilitate further evaluation and understanding of the company's financial results, data which exclude the special items are disclosed in the Letter to Shareholders on the next page and in Management's Discussion and Analysis.

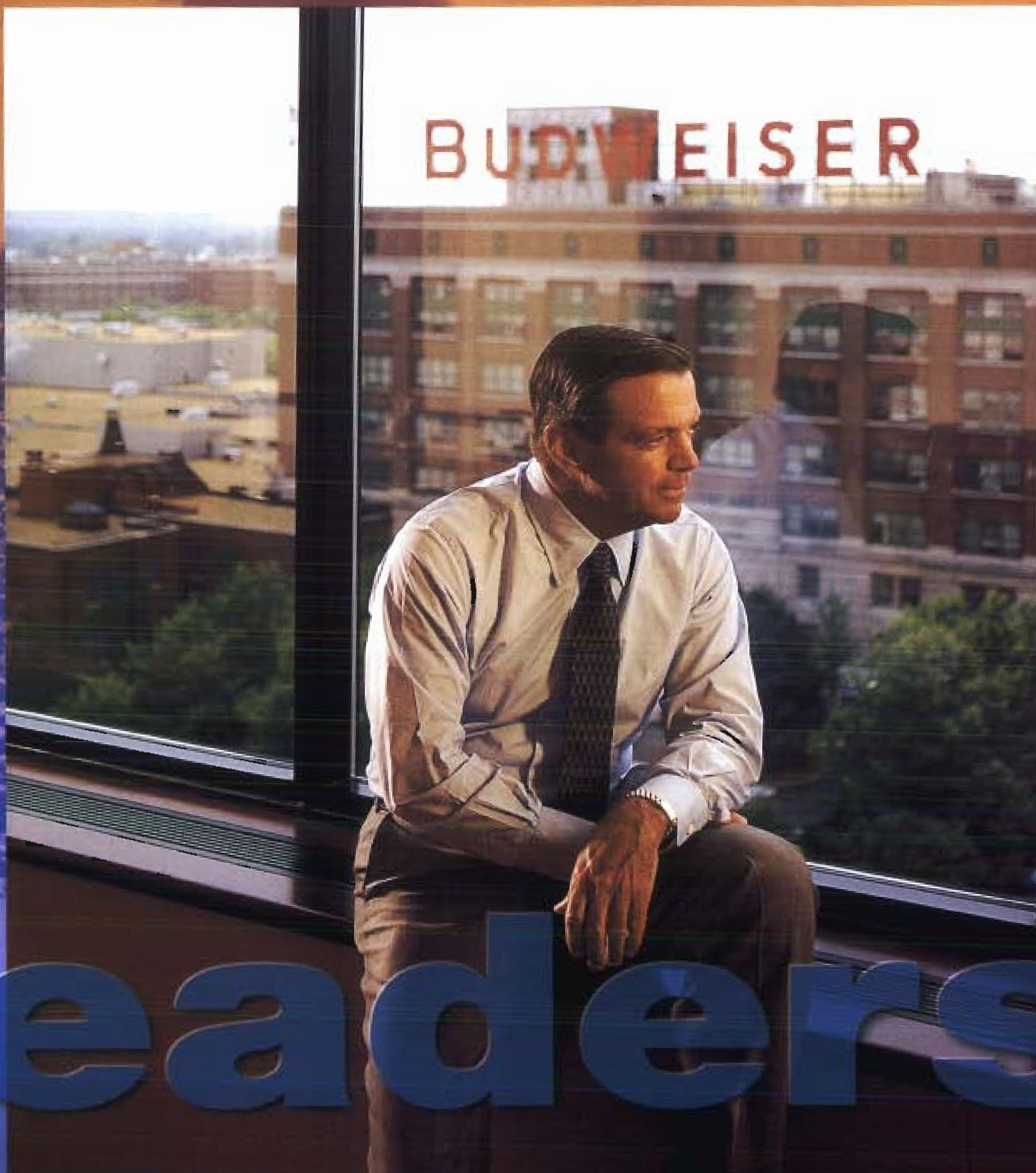
ANHEUSER-BUSCH COMPANIES, INC.

(In millions, except where noted)

Year Ended December 31,	1995	1994	% Change
Barrels of beer sold	87.5	88.5	(1.1)
Gross sales	$12,004.5	$11,705.0	2.6
Excise taxes	1,664.0	1,679.7	(1.0)
Net sales	10,340.5	10,025.3	3.1
Operating income	1,632.9	1,853.3	(11.9)
Pretax income	1,461.7	1,676.0	(12.8)
Net income	886.6	1,014.5	(12.6)
Fully diluted earnings per share	3.42	3.81	(10.2)
Effective tax rate	39.3%	39.5%	(.2%)
EXCLUDING SPECIAL ITEMS:			
Return on shareholders equity	29.1%	29.9%	(.8%)
Return on capital employed	13.9%	14.3%	(.4%)
Fixed charge coverage	7.6x	7.7x	(.1x)
Total assets	$10,590.9	$10,547.4	.4
Long-term debt	3,270.1	3,066.4	6.6
Shareholders equity	4,433.9	4,415.5	.4
Total debt to total capitalization	47.1%	47.3%	(.2%)
Capital expenditures	952.5	662.8	43.7
Depreciation and amortization	565.6	517.0	9.4
Common stock dividends	$429.5	$398.8	7.7
Per share	1.68	1.52	10.5
All taxes	2,441.5	2,542.0	(4.0)
Weighted average shares outstanding:			
Primary	257.9	264.1	(2.3)
Fully diluted	262.2	269.0	(2.5)
Number of full-time employees	24,127	23,857	1.1
Number of common shareholders	64,118	66,001	(2.9)
Closing stock price	$66 7/8	$50 7/8	31.4

Note 1: All financial results presented above exclude the results of Campbell Taggart, Inc. and Eagle Snacks, Inc. These companies are reported as discontinued operations in 1995 and all prior years.

Note 2: 1995 financial results include the impact of two unfavorable nonrecurring special items:
(1) a charge resulting from closure of the Tampa brewery ($160 million pretax); and
(2) the impact of the company's decision to reduce beer wholesaler inventories by 1.1 million barrels, which resulted in a reduction of net sales and operating profits. (Net sales were reduced by $107 million and operating profits were reduced by $74.5 million.)



Leaders

"This is as fiercely competitive a chief executive as you will find in U.S. industry."

-Forbes, 1995

At Anheuser-Busch, the year 1995 brought major change. With that change came momentum and the establishment of a platform for the future. Coming out of 1995, Anheuser-Busch is a reinvigorated company, more determined and capable than ever before to create our future.

The ability to compete and win in today's business environment parallels the challenges of life on the African plain. Every day when the gazelle wakes up, he knows that he must outrun the fastest lion. And, every day when the lion wakes up, he knows he must outrun the slowest gazelle. Simply put, every day at Anheuser-Busch we wake up running ... in a sprint to the future. Just as the gazelle eyes the lion, and the lion eyes the gazelle, we have our eye on the future, and we're dead set on getting there first. Like the lion and the gazelle, we must be the strongest, the leanest and the fastest to survive. We must challenge the status quo. We must be our own toughest competitor. And, we must rewrite the rules of the game every day.

The foundation of Anheuser-Busch's future lies in our 1995 results. Highlights of your company's 1995 financial, market and business performance include:[1]

- Record gross sales of $12 billion, a 3.6% increase over 1994. Net sales increased 4.2% over 1994 to $10.4 billion—also a record level.
- Operating income increased to $1.9 billion, with operating profits for international brewing, packaging and theme park operations growing at double-digit pace over 1994.
- Earnings per share increased to $3.98, up 4.5% over 1994.
- The year marked our 38th consecutive year of brewing industry leadership, with a 21-share-point lead over our nearest competitor.
- Significant momentum in our core Budweiser and Michelob families, with Bud Light growing at 12%, and Michelob Light at 9%.

[1] Financial and market share data and comparisons reflect continuing operations on a normalized basis and exclude the one-time impact of closing the Tampa brewery and lowering year-end beer wholesaler inventories.

- Record attendance and profits at Busch Entertainment Corporation's theme parks, hosting more than 20 million guests in 1995.
- Record sales of 19.7 billion cans and 20.8 billion lids, advancing Metal Container Corporation to No. 2 in the domestic beverage can industry.
- Significant growth in the company's stock price during 1995, increasing from $50.875 on December 31, 1994 to $66.875 on December 31, 1995—an increase of 31.4%.
- Operating cash flow of $1.4 billion, which, coupled with our split debt rating of A1/AA-, affords the company significant strength and flexibility to support its strategies for long-term profit growth.[1]
- The announcement of several significant restructuring moves to focus the company's operations, resources and strategic direction on our core businesses of beer, entertainment and packaging.

The year 1995 was a time for creating a *platform* ... a platform from which we will generate greater performance, profit growth and shareholder value ... a platform from which we will lay the groundwork for getting to the future first.

Four key principles are guiding our journey:

- Focusing on our core businesses of beer, entertainment and packaging;
- Leveraging our resources;
- Thinking differently; and
- Making friends.

Focusing on Our Core Businesses

The industries in which Anheuser-Busch has been competing—beer, entertainment, packaging, baking, salted snacks and Major League Baseball—are going through rapid and substantial change. With change comes opportunity ... as long as we *drive* the change, and then *capitalize* on it.

Anheuser-Busch's management team and Board of Directors determined that maintaining focus on our core businesses was essential. As a result, several actions were taken in 1995 to restructure the company to focus operations, resources and strategic direction on what we do best: adding enjoyment to life through beer, theme park entertainment and packaging. Our core competencies are rooted in each of these businesses. Together they represent the most strategic opportunities for long-term growth, profit and competitive advantage.

[1] ***Financial and market share data and comparisons reflect continuing operations on a normalized basis and exclude the one-time impact of closing the Tampa brewery and lowering year-end beer wholesaler inventories.***

Below is a brief discussion of these 1995 restructuring decisions:

- Campbell Taggart Spin-Off In July, Anheuser-Busch announced plans to spin off Campbell Taggart, the company's baking subsidiary, to shareholders of Anheuser-Busch Companies. Under the spin-off, which should be completed in the first half of 1996, Campbell Taggart will become a separately traded, publicly held company.

The spin-off is a positive move for Campbell Taggart, as well as Anheuser-Busch and its shareholders. As a stand-alone company, Campbell Taggart gains an independent and baking-industry-oriented management focus, greater flexibility and its own incentive-based compensation programs—all of which better position the company to be on the leading edge of the highly competitive baking and refrigerated dough businesses.

With the spin-off, shareholders of Anheuser-Busch Companies will receive pro-rata shares of the voting common stock in Campbell Taggart.

- Eagle Snacks Sale In October, we announced our intention to sell Eagle Snacks, Inc. Since its debut in 1979, Eagle Snacks had grown to become the nation's second-largest salted-snack producer, with a 1995 market share of 6.5%. The subsidiary had not been profitable, losing $25 million in 1995. We determined that to be a viable, long-term competitor, Eagle Snacks would require a significant infusion of capital and management focus, and that those resources could be more strategically invested in the long-term growth of Anheuser-Busch's core businesses.

We made an exhaustive effort to find a buyer for Eagle in its entirety as an ongoing business, but did not receive any acceptable offers. As a result, on February 7, 1996, we announced the closing of the Eagle Snacks subsidiary, along with plans for four of Eagle's plants to be purchased by Frito-Lay, subject to regulatory approval. All employees were offered a separation package, and we will continue to seek a purchaser for the subsidiary's salted nut business as well as the Hyannis, Mass. plant, which makes Cape Cod potato chips and popcorn products. We salute the leadership, commitment to quality and pride that our Eagle employees, wholesalers and other partners brought to the business over the years.

- Sale of the Cardinals In October, we also announced plans to sell the St. Louis National Baseball Club, better known to baseball fans as the Cardinals. This decision was especially difficult to make. Anheuser-Busch and the Cardinals had been linked since 1953. They are both part of the heritage and tradition of St. Louis.

Ultimately, with financial losses forecasted for the Club in 1995, the question we asked ourselves was whether our corporate objectives, which are focused on producing value and earnings per share growth for Anheuser-Busch shareholders, were consistent with the needs of the baseball team. We questioned whether continued ownership of the Club would divert management focus from our core businesses. In the end, we concluded that it was in the best interest of everyone—Anheuser-Busch, its shareholders, the Cardinals and the fans—to seek a new owner, but structure the sale to minimize the likelihood that the new owner would relocate the team.

In December, we signed a letter of intent with a new ownership group comprised of St. Louis business people with long-standing ties to baseball in St. Louis. We expect the sale, which is subject to approval by Major League Baseball, to be completed in early 1996. Anheuser-Busch will continue to sponsor Major League Baseball both nationally and in St. Louis.

• Tampa Brewery Closing Another strategic restructuring decision in 1995 was the closing of our Tampa, Fla. brewery. This decision was the result of several factors, beginning with the doubling of the federal excise tax on beer in 1991, which substantially raised consumer prices on beer and, as a result, dampened industry growth. In 1995, we reached full production at our newest and most efficient brewery in Cartersville, Ga., with production capacity of 6.0 million barrels.

Our analyses indicated that excluding Tampa, our 12 breweries were capable of meeting the company's aggressive national and international growth targets over the next five years. As such, the Tampa brewery ceased production at the end of 1995, resulting in a one-time $160 million pretax write-off in the fourth quarter of 1995, and generating $33 million in annual operational savings beginning in 1996. The 17-acre brewery site will be transferred to the company's Busch Entertainment subsidiary, which currently runs the Busch Gardens theme park on adjacent property.

Despite the systemwide efficiencies created, the decision to close Tampa was a difficult one because, in the end, it came down to people and jobs. We have relocated a number of Tampa employees elsewhere in our system, and those not relocated received a separation package. We salute everyone whose hard work and commitment contributed to Tampa's success over the years.

• Beer Company Inventory Adjustment In another move to increase efficiencies, Anheuser-Busch reduced the beer inventories held by its independently owned distributors by about one-third during the last two months of the year. This move lowers systemwide inventory costs, saving the company and its distributors $12 million annually. Moreover, it improves production scheduling at our breweries, and further enhances Anheuser-Busch's competitive advantage of having the freshest beer available in the marketplace.

This inventory adjustment required a one-time reduction in brewery production levels in 1995. As a result, total shipments were reduced approximately 1.1 million barrels in the fourth quarter, and were down about 1% for 1995 overall, reducing operating profits by approximately $75 million for the year. However, sales-to-retailers—the most accurate measure available of consumer demand for our beers—exceeded 1994 levels and established a new company sales record.

Leveraging Our Resources

The second leg of our platform for growth is leveraging our assets and capabilities—that is, our substantial human, technological and financial resources. Our resources enable us to drive our competitive engine, and they are clearly a strong suit at Anheuser-Busch.

Anheuser-Busch's ability to invest in quality is unparalleled in our industry. It enables us to buy only the choicest ingredients, use old-world brewing processes like beechwood aging, and maintain tight temperature controls throughout the distribution process. Equally important, it enables us to maintain our quality standards over time. While some competitors turn to "contract brewing" to avoid investing in brewing facilities, we are investing $2 billion over five years in our brewery system—ensuring that we are on the leading edge of brewing quality today and in the future.

This relentless, long-standing commitment to quality made Anheuser-Busch the market leader, and continues to put our beers above the rest at industrywide competitions like the 1995 Great American Beer Festival, where Anheuser-Busch was a quadruple medal winner.

These capabilities run counter to what some competitors would like beer drinkers to think, namely that "big is bad" and quality beer comes from being small. If my great grandfather Adolphus Busch—who founded this company 144 years ago—were alive today, he would respond that the honor of brewing is not in being small, but in brewing only the best. In the end, quality comes from having the resources to invest in it.

Our human, technological and financial resources are also the engine for growth. They have enabled our can and label manufacturing operations to capture an increasing share of the market by providing the highest-quality, lowest-cost cans, lids, labels and beverage can recycling in the business.

International expansion of our beer business provides a key opportunity to leverage our proven skills and resources. In 1995, we opened the door to China, one of the most strategic countries for long-term international growth, securing an 80% ownership stake in a joint-venture brewery in Wuhan, the country's fifth-largest city. We also signed alliances and joint ventures in 1995 that strengthened Anheuser-Busch's position in the United Kingdom, Spain, Brazil, Argentina and Chile. In all, we now have sales in more than 70 countries, and hold 9% of the global beer market.

That base is compounded by the synergy we gain from the international expansion of Busch Entertainment through its 19% ownership of Port Aventura, Europe's second-largest theme park, which opened in May 1995 in Barcelona. With 41 million Europeans taking their holiday every year in Spain, Port Aventura is poised for growth and for introducing an increasing number of visitors to Budweiser.

Having a strong resource base also enables us to augment our domestic strategy. While the specialty beer category is small, accounting for 1.8% of the market, it has captured the attention and imagination of beer drinkers, and we believe it has growth potential. As a result, in 1995, we brought several new Anheuser-Busch specialty beers to market—not by inventing a fictitious brewery name, or by contract brewing, as some competitors are doing. We brought them to market by having the expertise and financial resources it takes—in-house—to create specialty beers and a sales and marketing team to sell them.

Meanwhile, knowing that 98% of beer consumed in the U.S. is a lager with good drinkability, we are positioned to aggressively market our core beer brands as well. For example, by becoming one of only 10 official Centennial Olympic Games Partners of the 1996 Summer Olympic Games in Atlanta, Anheuser-Busch secured exclusive marketing rights for Budweiser and our Sea World and Busch Gardens theme parks. We signed an agreement with Major League Soccer, making Budweiser "The Official Beer" of that league, and we negotiated exclusive rights for television beer advertising for the Super Bowl games through 1998. We also took Budweiser into cyberspace in 1995 by launching the first three-dimensional Web home page on the Internet at http://budweiser.com.

Finally, we are leveraging our resources to foresee change and capitalize on it. The year 1996 will signal a significant demographic change in the future with regard to the number of 21-year-olds in the marketplace. U.S. Census Bureau data project that due to the echo of the baby boom the number of 21-year-olds will increase by 10% in the next five years ... 18% by 2005 ... and by the year 2010, the number of 21-year-olds in the marketplace will have increased nearly 25% over where it is today. At Anheuser-Busch, we have the human, technological and financial resources to capitalize on that increased market and turn it into long-term competitive advantage.

Thinking Differently

In their 1994 book, "Competing for the Future," Gary Hamel and C.K. Prahalad demonstrate how thinking differently is the foundation for getting to the future first. As they put it: If the goal is *industry leadership*, a company must have the capacity to *become different* by reinventing its industry and regenerating its own core strategies. But, to be different, a company must first *think differently*.

That was the strategy Adolphus Busch used to make Budweiser the first national beer ... through innovative ideas like refrigerating railroad cars to transport his beer and mobilizing grass-roots salesmen to market the product.

The ability to think differently is as critical today as it was then. It makes us harder to imitate and predict ... it enables us not only to satisfy customers but to amaze them ... and most importantly, thinking differently helps us rewrite the rules of the game.

By thinking differently about packaging costs, we negotiated protected pricing on aluminum can sheet for more than half of our 1995 aluminum requirements that was well below the current market rate—providing Anheuser-Busch with a competitive cost advantage and pricing flexibility throughout the year.

We're thinking differently about how we work with our wholesaler family. In 1995, we strengthened the 22-member Wholesaler Advisory Panel. It has always been an important communication channel between wholesalers and the company. But in 1995, we leveraged this asset by using teams of company and panel representatives to collaborate on critical issues that are transforming the distribution process, learn from each other, and move faster in the ever-changing and complex retail marketplace.

We also applied the principle of thinking differently to several internal management systems in 1995, re-engineering them to facilitate company growth. In January 1996, we began the first phase of a multi-million-dollar, state-of-the-art software initiative that will integrate over the next three to five years all of our major business systems (accounting, purchasing, human resources, sales, etc.). Also in January, we launched a fully redesigned compensation system for salaried employees to ensure that compensation across the company is highly competitive, market-based and rewards performance.

We are pursuing ways to leverage the intellectual capital of all employees. Our Management Development Panel is working closely with the Anheuser-Busch senior management team. A group of company managers was sent off-site last month to develop recommendations on new and innovative ideas and organizational structures to grow the numerator while continuing our focus on cost control.

Making Friends

The fourth leg of our platform for growth is making friends, that is building and maintaining personal relationships. Smart companies work hard at being good corporate citizens, and Anheuser-Busch is no exception.

We are committed to moderation—investing over $160 million since 1982 in efforts to promote alcohol awareness and education, encourage adults to drink responsibly, and fight problems like illegal underage drinking and drunk driving. It is noteworthy that the year 1996 began with the acknowledgement by the U.S. Department of Health and Human Services and U.S. Department of Agriculture, whose newly published "Dietary Guidelines for Americans" report that moderate consumption of alcohol beverages can be part of a healthy lifestyle for adults who choose to drink. That, of course, is something we at Anheuser-Busch have known for a long time. But, our government's recognition of it, we believe, is a tribute to our product ... to all of the employees, suppliers, wholesalers and retailers who bring it to market ... and to the millions of beer drinkers in America and in countries around the globe who enjoy it.

We believe strongly in giving back to the communities in which we do business, which is why Anheuser-Busch and its charitable foundation donated funds to hundreds of charitable organizations, from disaster relief after the Oklahoma City bombing, flooding in California, Missouri, and Louisiana, and hurricanes in Florida, Georgia, the Virgin Islands and Puerto Rico ... to educational opportunity through the United Negro College Fund, National Hispanic Scholarship Fund and National Korean American Scholarship Foundation ... to health care institutions, the arts, civic and cultural groups, and social service agencies.

We believe environmental conservation is good business. In 1995, we celebrated the 25th anniversary of our company-wide "A Pledge and a Promise" to the environment, and held environmental awareness luncheons with community leaders in each of our brewery cities. By 1995, we had tripled the volume of aluminum beverage cans we recycled 10 years ago to 665 million pounds, making Anheuser-Busch Recycling Corporation the global leader in aluminum beverage can recycling. And through support for groups such as the National Fish and Wildlife Foundation, we worked to further other organizations' environmental efforts as well.

With international expansion of our brewing business as a priority, we established in 1995 a set of "Anheuser-Busch Principles for Global Responsibility" to be a guide for our business transactions and relationships in countries around the world.

Without personal relationships—be they in countries on the opposite side of the globe, or right here in our backyard—our platform for growth would falter. That's because people are at the heart of every aspect of business. And, at Anheuser-Busch, what was true over a century ago, holds true today: Making friends is our business.

On behalf of Anheuser-Busch and its Board of Directors, I want to pay tribute to a friend we lost in 1995, the late Pablo Aramburuzabala O., former vice president of the Board of Directors of Grupo Modelo, S.A. de C.V. in Mexico, and a director of Anheuser-Busch since 1993. We worked closely with Don Pablo during his tenure on the Board, and he will be greatly missed.

The Horizon

With the enhancement of shareholder value as an overriding objective, 1996 will be a year to focus on our core businesses; leverage our human, technological and financial resources; think differently; and make friends. We will use the four legs of this platform to: 1) increase our share of the domestic beer margin pool; 2) globalize our beer operations; and 3) support growth of our entertainment and packaging subsidiaries. The subsidiary summary that follows discusses each of these goals in greater detail.

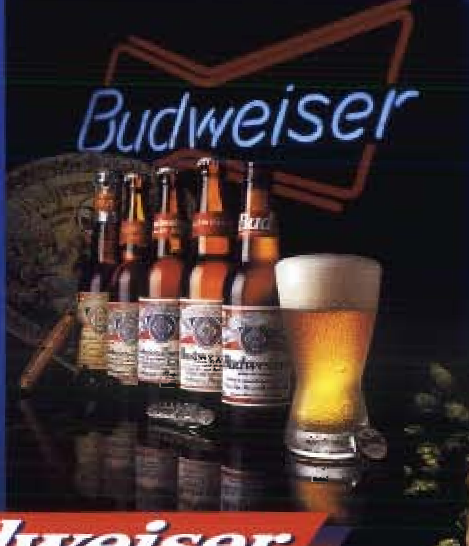
Throughout 1996, we will have our eye on the horizon—the window to the future. Every day, we will work to uncover ways to rewrite the rules of the game. Every day, we must have an eye to the future, and be stronger, leaner and faster ... like the lion and the gazelle. For at Anheuser-Busch, we're out to be our own toughest competitor ... and to get to the future first.

August A. Busch III
Chairman of the Board and President
February 8, 1996

Focu

"The domestic beer business is clearly our most significant source of profit, cash flow and opportunity, and will be for the foreseeable future."

-August A. Busch III

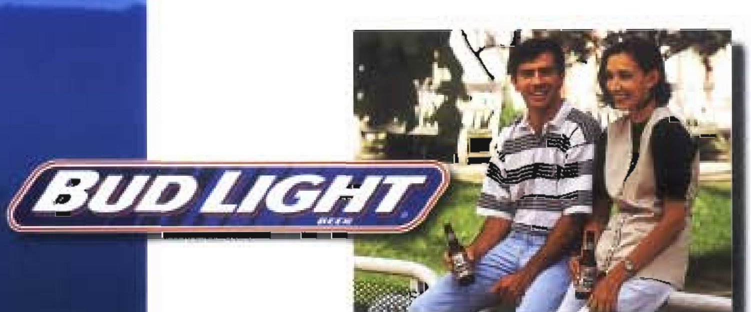


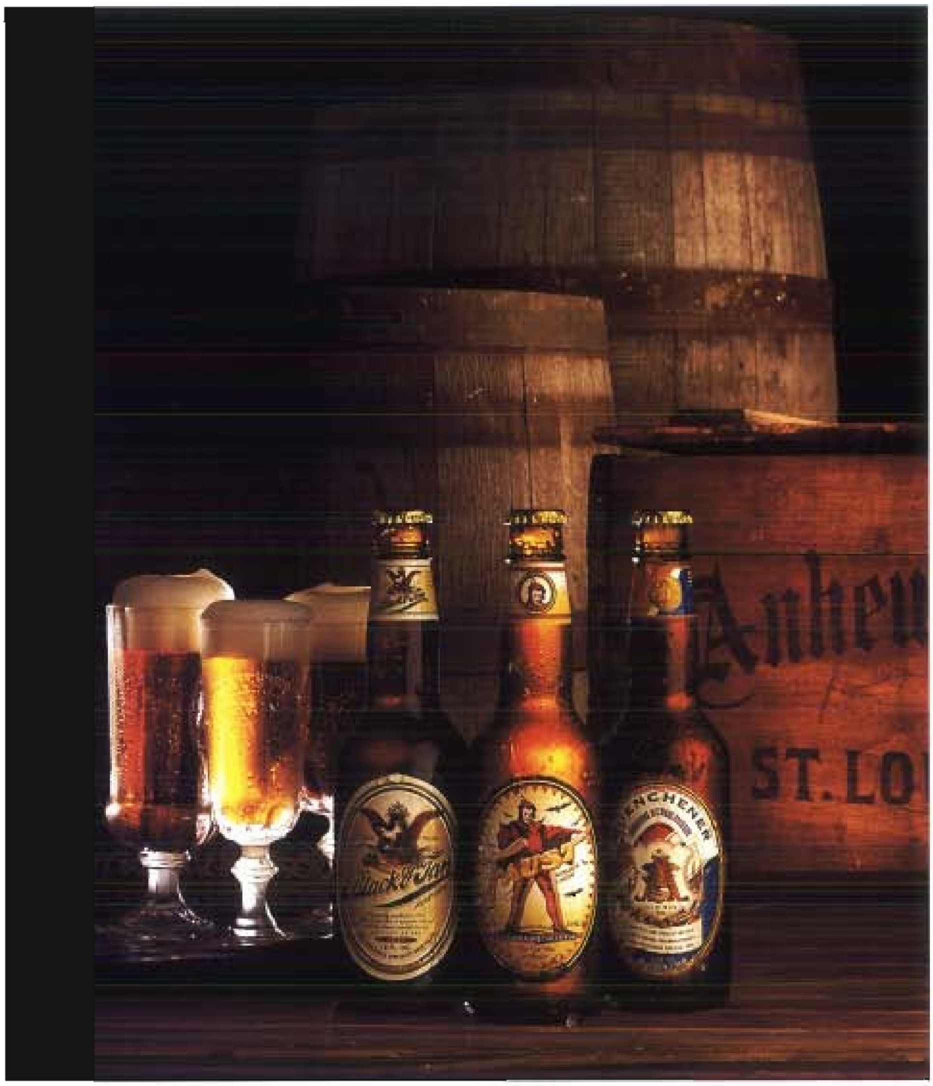
In 1995, **Anheuser-Busch, Inc.** increased its sales-to-retailers, resulting in another record performance. The company also enjoyed the best sales month in its history last August, setting an industry record for domestic sales-to-retailers of 8,766,000 barrels.

As discussed in the Letter to Shareholders, Anheuser-Busch Companies has refocused its resources on its core businesses of beer, entertainment and packaging. In the domestic beer market Anheuser-Busch, Inc. is refocusing its attention on areas that will enhance profitability and shareholder value. Two of the decisions made by the Board of Directors late in 1995 directly relate to this renewed focus.

First, the Tampa brewery was closed at the end of 1995. Many of the Tampa employees have been with Anheuser-Busch for the majority of their working lives and have contributed significantly to the success of the company, making this an extremely difficult decision. Improving capacity utilization by consolidating production among the company's most efficient breweries, however, will result in a leaner and more competitive company, which is in the long-term best interest of Anheuser-Busch and its shareholders.

Second, the one-time, 1.1-million-barrel reduction in wholesaler inventory levels implemented during the fourth quarter will reduce distribution system costs and enhance the ability of Anheuser-Busch wholesalers to offer the freshest possible product to consumers. It will also enhance Anheuser-Busch's existing competitive advantage as the brewer with the freshest product in the market.





These actions are evidence of the company's resolve to make its domestic beer business as efficient and effective as possible. In line with these same goals, Anheuser-Busch, Inc. has developed specific strategic initiatives for the coming year.

SPECIALTY BREWING GROUP
ANHEUSER-BUSCH

For example, micros and specialty beers continue to capture the interest of consumers, growing more than 40% in 1995 and accounting for 6+ million barrels in sales, or 3% of industry volume. While the category is small, its high profile and excellent growth rate make it an attractive area for Anheuser-Busch. Unlike some brewers, who approach the specialty segment by marketing under another brewer name or producing their beers through contract brewing arrangements with other national or regional brewers, Anheuser-Busch has opted to draw on its 144-year brewing heritage to create and produce unique specialty brews in a variety of categories.

Given the complexity of the specialty beer market, Anheuser-Busch has created a special brand and sales team to focus on the management of its specialty beers. This targeted approach will allow the company to give specialty beers a unique emphasis without diverting attention from its mainline brands.

As promised in last year's annual report, Anheuser-Busch offered a number of innovative products in 1995. These specialty beers included:

• American Originals—The first three brands in this series—Black and Tan Porter, Faust Golden Lager and Muenchener Amber—are crafted in the style of the turn-of-the-century beers brewed by the company's founder, Adolphus Busch. Black and Tan is a hearty brew made with English ale yeast, a blend of chocolate caramel and two other varieties of roasted malt, and a combination of Washington state and imported hops. Faust is an all-malt lager that was originally brewed in 1885 by Adolphus Busch for his friend Tony Faust to serve at Faust's renowned St. Louis Oyster House and Restaurant. Munich-style Muenchener has a deep copper color and a creamy, roasted malt flavor. Two additional American Originals brands may be introduced in 1996.

• Michelob Family Extensions—As an established name among superpremium beers, Michelob offers an opportunity to extend the brand franchise to the specialty market. The first offering, Michelob Amber Bock, was introduced nationally in October. And, in celebration of Michelob's 100th birth-

day, Michelob Centennial will debut in March 1996.

- ZiegenBock—This brand not only met a local market need, but clearly illustrated that Anheuser-Busch's size and resource base allow for flexibility and rapid response. When Texas wholesalers requested a specialized product to meet market demands, the Specialty Brewing Group responded by developing, brewing, packaging and introducing ZiegenBock in less than 60 days. The brand—a rich, full-bodied brew in the tradition of bock beer—has been well received in the Texas market.

- Seasonal Beers—During the 1995 holiday season, Anheuser-Busch introduced the first of its seasonal beers, Christmas Brew. This new, limited-edition brew reestablished a company tradition begun by Adolphus Busch in the 1890s. The dark, robust brew is crafted in the spirit of the company's turn-of-the-century recipes and features its heritage in the package design. Anheuser-Busch plans to introduce other seasonal beers in 1996.

- Other Specialty Beers—Anheuser-Busch's Specialty Brewing Group continues to develop unique specialty beers. Currently the group offers Red Wolf and several varieties under the Elk Mountain banner.

While Anheuser-Busch's heritage of craft brewing provides it with a unique competitive advantage in the realm of specialty beers, the company recognizes that some consumers find the mystique of a small brewery appealing. As a result, Anheuser-Busch has invested in the Redhook Ale Brewery to provide distribution through Anheuser-Busch's wholesaler network of a superior microbrewery product for those consumers who value the image of small-brewery production. Seattle-based Redhook, which had a very successful public offering in 1995, is currently building a new brewery in New Hampshire. When completed in 1996, Redhook will become the largest specialty brewer in New England as well as the first West Coast specialty brewer to expand into the East.

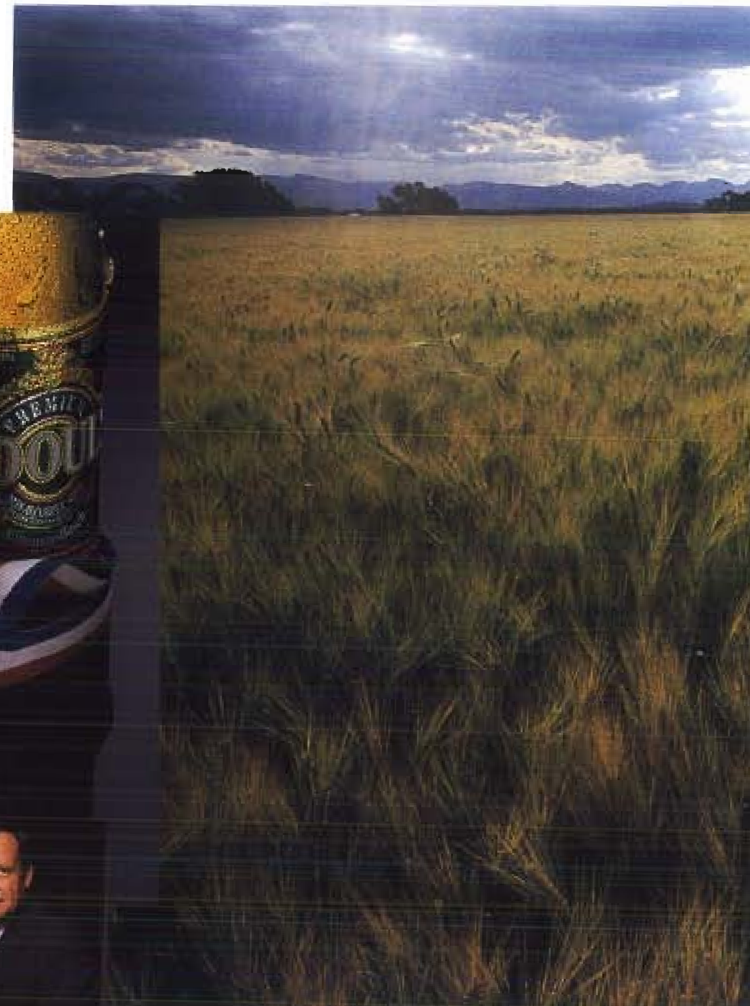
ELK MOUNTAIN
AMBER ALE

ELK
MOUNTAIN
RED

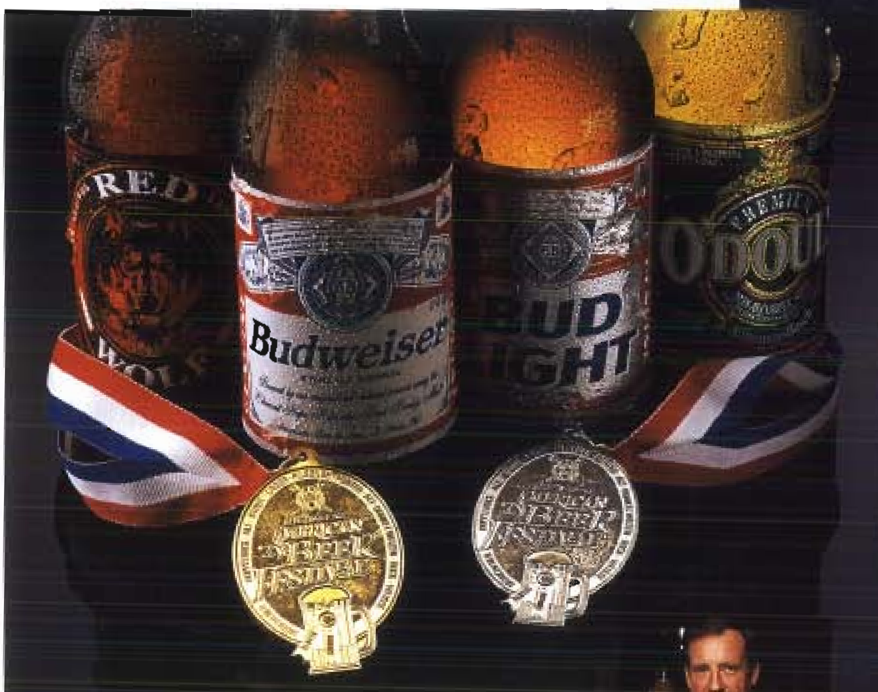
RED HOOK BREWERY

RED WOLF

Domestic Beer Operations



While participation in the specialty market is a high priority for Anheuser-Busch, the company's core premium brands—Budweiser, Bud Light, Michelob and Michelob Light—continue to perform well and remain the foundation of the company's success. Bud and Bud Light together



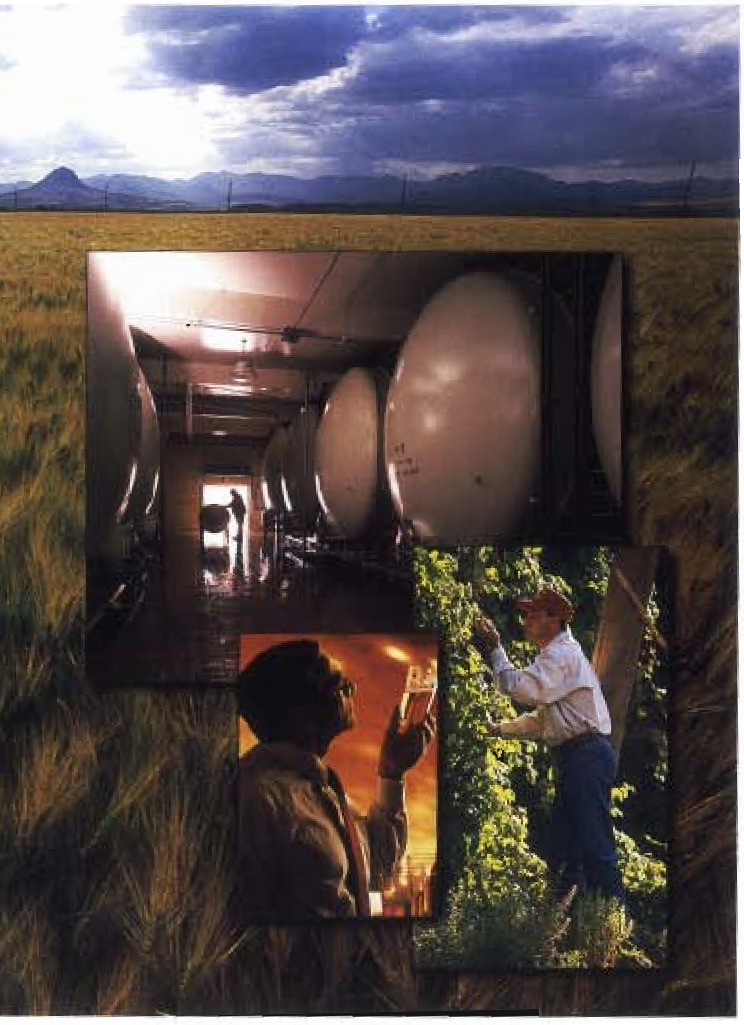
were up for the year, with the Budweiser family alone accounting for 30% of all beer sold in the U.S. Michelob and Michelob Light also had a very good year, together generating a 3.9% increase.

While specialty brewers promote the "hand-crafted" character of their products, it is important to note that Anheuser-Busch adheres to the highest quality standards for all of its beers—a commitment that was recognized by several prestigious awards in 1995. In addition to Elk Mountain Amber Ale's gold medal at the 1995 California Beer Festival, the company was awarded four medals at the 1995 Great American Beer Festival in Denver, more than any other brewer in the competition. Budweiser and Red Wolf won gold medals, and Bud Light and O'Doul's received silver medals. More than 300 breweries from across the country participated in the festival.

As the results of this competition indicate, small-volume brewing is not a prerequisite for quality. The ultimate test is having the resources, expertise, time, technology and commitment to transform some of nature's simplest ingredients into a consistent and distinctive product. For 144 years Anheuser-Busch has built its business on the basis of these quality standards. That commitment has not wavered since 1852, when Anheuser-Busch was a small brewer, to the present time, when the company ranks as the world's largest brewer.

Patrick T. Stokes – President, Anheuser-Busch, Inc.

To further support Anheuser-Busch's commitment to quality, Busch Agricultural Resources—an Anheuser-Busch subsidiary—is dedicated to providing the company with the finest ingredients available. Anheuser-Busch knows of no other brewer in America that has such an extensive system for ensuring that the ingredients used in its products are of the highest quality. A company-owned hop farm, barley and rice research facilities, an insistence on table-quality



rice for its beers, dedicated barley storage and malt processing plants, and close working relationships with growers and researchers around the world ensure that the Anheuser-Busch quality tradition goes into every bottle, can and keg of every product brewed. Strict quality controls produce consistent taste, and Anheuser-Busch remains the only major brewer in the world using the traditional beechwood aging process.

In addition to its raw materials, Anheuser-Busch's ability to invest in the finest brewing and packaging technology is unparalleled in the industry. The company continually seeks opportunities to develop state-of-the-art technology that will allow it to enhance its position as industry leader through improved operating efficiency. Several projects that differentiate Anheuser-Busch from its competitors are currently being tested or implemented.

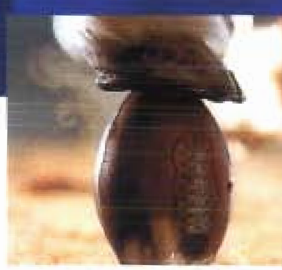
For example, high-density storage—a robotics-based process that facilitates retrieval for order filling—is being installed at the Columbus, Ohio brewery. No other brewer in the U.S. has implemented such a high-tech system. Plans call for expansion of this technology to other breweries in the Anheuser-Busch network.

A computer-based imaging project, which calls up a detailed blueprint of machine parts simply by touching a screen, is underway at the Los Angeles brewery. After the required part is identified, a robotics system retrieves and delivers it. This highly efficient process will be expanded throughout the brewery system.

A final example of Anheuser-Busch's unparalleled commitment to technological improvement is the Biological Energy Recovery System currently in use at about half of the company's breweries. This environmentally sound, award-winning system treats brewing waste water and recovers energy at the same time. Waste water from brewing contains a significant amount of protein and carbohydrates. This system uses bacteria to digest this organic material, giving off methane (natural) gas which is then collected and piped back to the brewery for boiler fuel. This process provides the equivalent of enough energy to heat more than 3,000 homes annually in Anheuser-Busch's headquarters city of St. Louis, Mo.

While Anheuser-Busch recognizes that today's changing marketplace requires continual learning, refining and innovation, the company has demonstrated skills in key areas that provide a significant competitive advantage. These include:

- The ability to brew consistent, quality products and the expertise to efficiently produce a wide variety of beer products that appeal to any taste profile;
- High-speed, low-cost and efficient state-of-the-art packaging lines;
- Well-trained, flexible and motivated employees;
- A well-developed distribution network that allows products to be distributed in the retail trade in an efficient manner; and
- Expertise in creating and executing broad-based image marketing programs that recognize what consumers value and reinforce product distinction and brand loyalty.



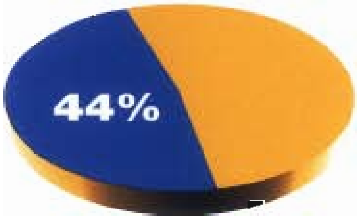
Building on these strengths, the company has set five key objectives for 1996:

1. Effective Marketing. This will be achieved by:
   - Managing the company's portfolio of brands to realize share gains in each segment in which the company does business.
   - Maximizing the effectiveness of promotional dollars.
   - Honing local and regional marketing skills to reach an increasingly fragmented consumer marketplace.
   - Integrating marketing programs throughout the sales and marketing functions. The "Frogs" campaign is a good example. "Frogs" began with a single TV spot that scored among the 1995 Super Bowl's top 10 commercials, according to a "USA Today" poll. A second commercial followed, and the Budfrogs have received extensive media exposure, including being featured on "The David Letterman Show" and "Entertainment Tonight." The Budfrogs now appear on billboards, T-shirts, consumer giveaways and trucks, and are featured in on-premise promotions. Anheuser-Busch will continue to pursue integrated marketing opportunities.
2. New Products. Anheuser-Busch will continue to develop new products that not only meet current consumer needs, but also anticipate future trends.
3. Production Cost Redesign. In addition to a variety of projects such as high-density storage and computer-based imaging highlighted earlier in this discussion, the Cartersville, Ga. benchmarking effort is a key part of this objective. Using the company's newest brewery as a benchmark, Anheuser-Busch is working to improve the productivity of its 11 other breweries through capital investment and process improvement. This effort is designed to help the company meet its goal of $300 million in annual process savings by 1998.

4. Distribution Process Innovation. The retail and wholesale environment is changing, and Anheuser-Busch is committed to ensuring that it has an innovative, flexible and adaptive distribution system that efficiently provides delivery, order fulfillment and inventory placement to meet a wide variety of customer needs. As part of this effort, Anheuser-Busch is developing and enhancing information systems that facilitate computer-based information exchange between wholesalers, retailers

and Anheuser-Busch. BudNet is a good example. This system allows Anheuser-Busch to collect information at the wholesale level in a standardized form that will help both the company and its wholesalers analyze market conditions on a local and national basis. This data-based, data-driven system provides the opportunity for Anheuser-Busch and its wholesalers to offer significant value to retail customers and will position Anheuser-Busch as the "expert" beer consultant in the industry.

Anheuser-Busch Domestic Market Share



5. Reasonable Pricing. While the pricing environment has become more favorable to premium-priced products in the last few months, Anheuser-Busch is committed to maintaining pricing levels that keep its products affordable for consumers.

As Anheuser-Busch pursues its vision to be regarded as the premier beer company in the world, several other distinctive qualities and attributes will work to its advantage, including:

- Integrity—Anheuser-Busch has always and will always compete based on quality standards which demand the best, permit no shortcuts and ensure customer satisfaction.
- Operational Skills and Resources—Anheuser-Busch's strengths in the areas of human resources, technology and legislative contacts and its work in consumer awareness and education cannot be matched by any other brewer.
- Brand Portfolio—The company's portfolio of brand franchises is a resource unmatched in the industry.
- Scale—Anheuser-Busch is twice as big as its nearest competitor, which affords the company significant leverage to operate more effectively and profitably.

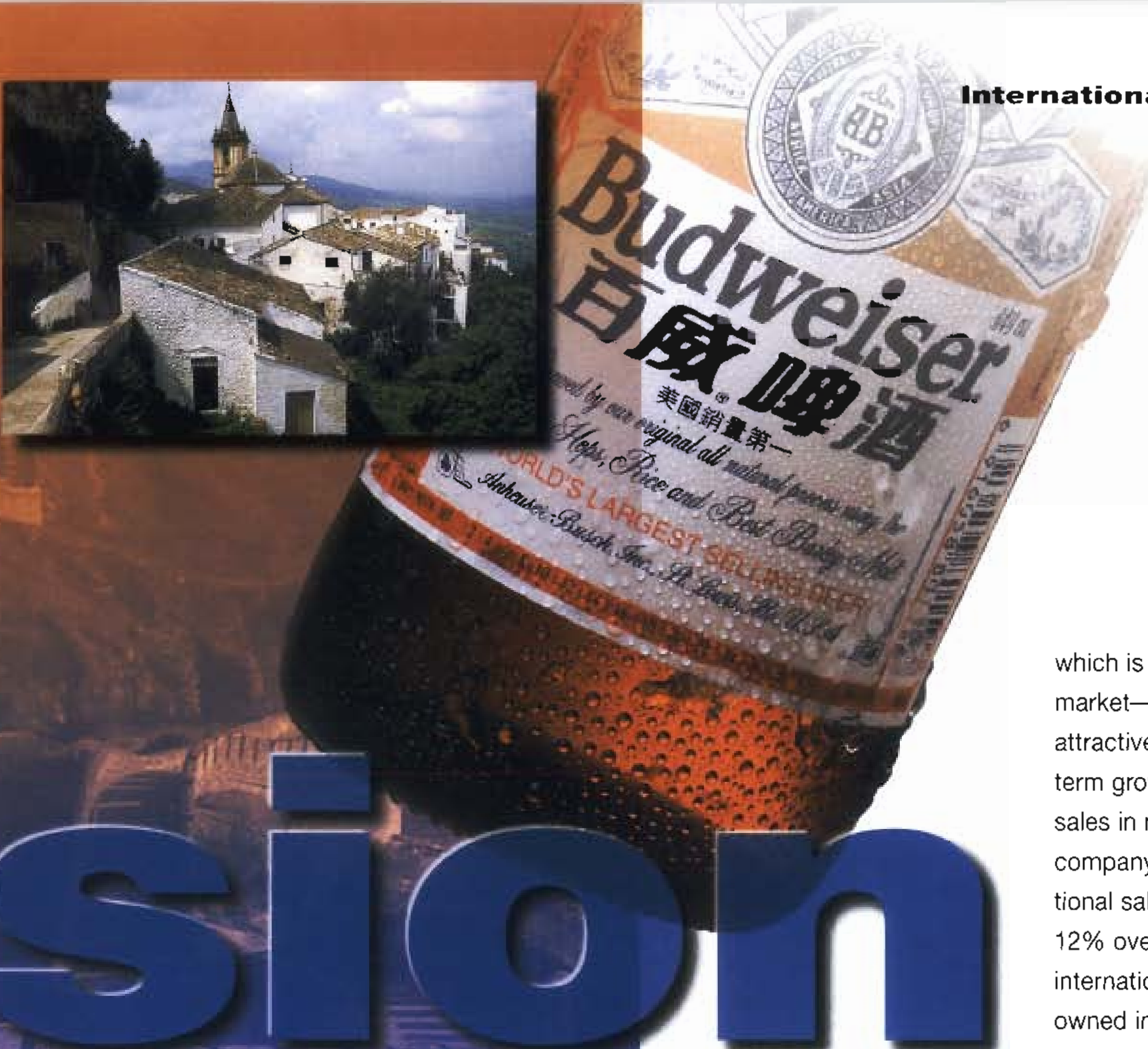
Anheuser-Busch Premium Segment Market Share

By improving operating efficiency, supporting the growth of premium brands, introducing new products to meet evolving consumer demands and capitalizing on the quality of its products, Anheuser-Busch is well positioned to gain an increased share of the U.S. brewing industry margin pool in 1996 and beyond.

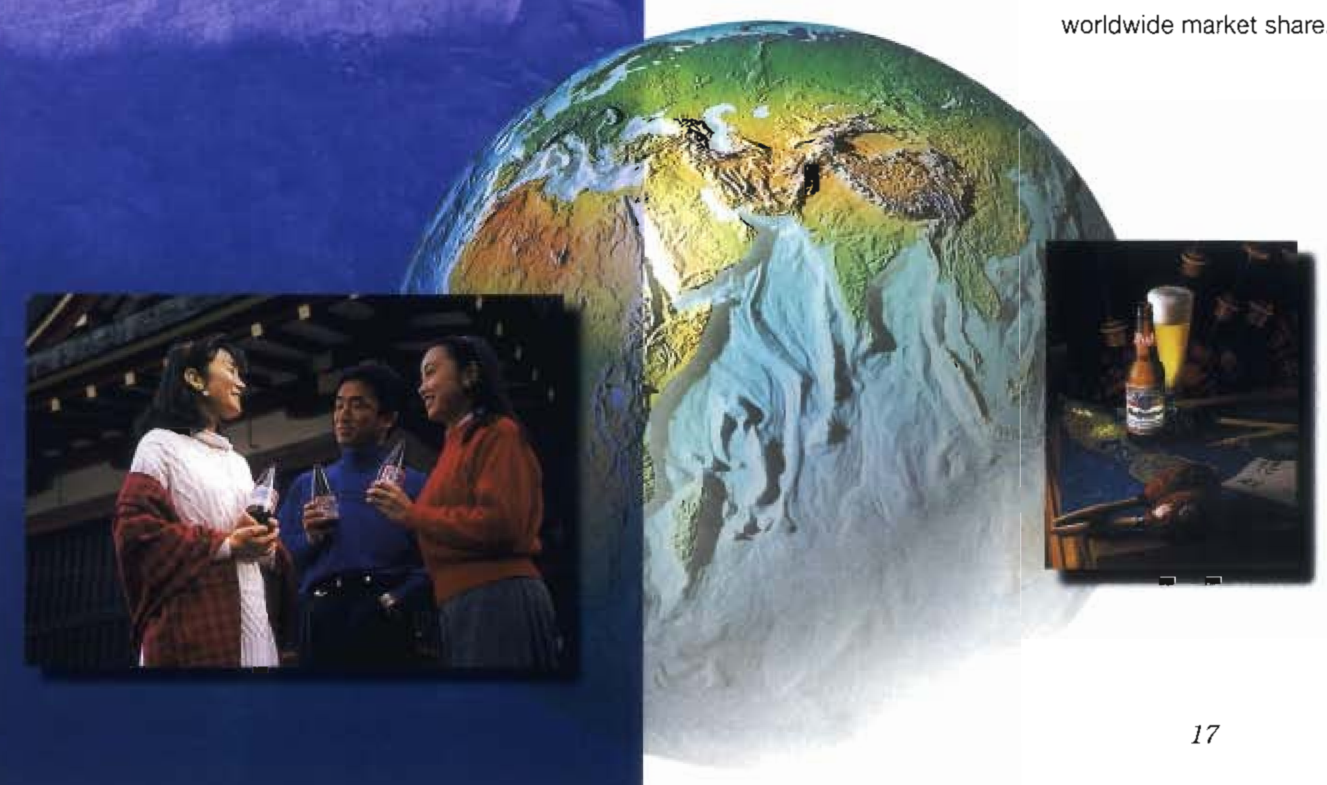
Expan

"Our goal is to establish and maintain a leadership position in the international beer marketplace."

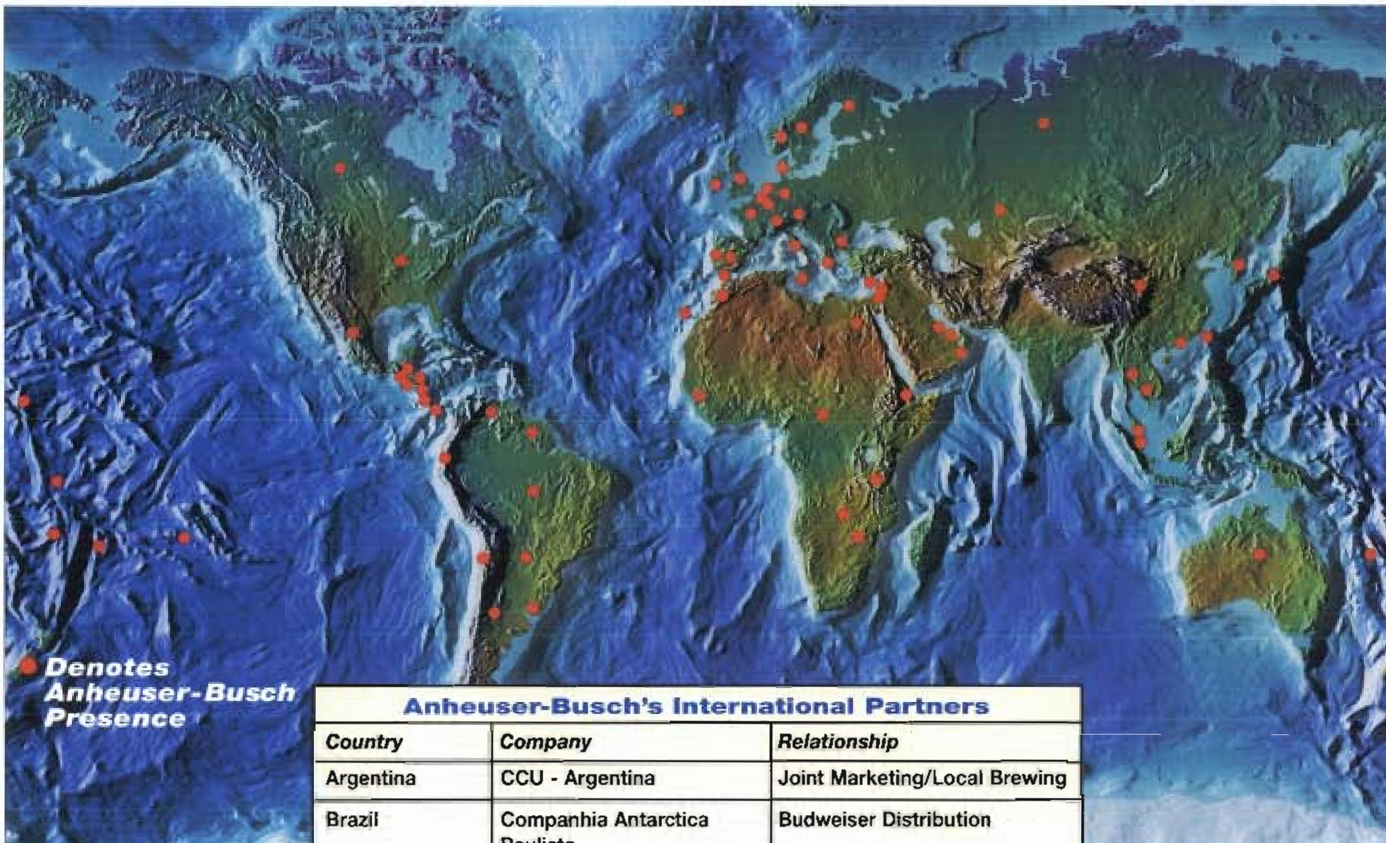
-August A. Busch III



The global beer market—which is four times larger than the U.S. market—continues to be an extremely attractive area that will provide long-term growth for the company. With sales in more than 70 countries, the company finished the year with international sales of 5.4 million barrels, up 12% over 1994. Anheuser-Busch's international operations include A-B-owned international brewing facilities, license- and contract-brewing agreements, equity investments in foreign brewers, and U.S. exports. Anheuser-Busch is aggressively pursuing additional strategic growth opportunities in the global market to expand its current 9% worldwide market share.



International Beer Operations



Anheuser-Busch's International Partners

Country	Company	Relationship
Argentina	CCU - Argentina	Joint Marketing/Local Brewing
Brazil	Companhia Antarctica Paulista	Budweiser Distribution
Canada	Labatt	License Brewing
Central America		Import Distribution Agreement
Costa Rica	Cerveceria Costa Rica	
El Salvador	LaConstancia	
Guatemala	Cerveceria Centroamericana	
Honduras	Cerveceria Hondurena	
Panama	Cerveceria Nacional	
China	Tsingtao	Equity Investment
	Budweiser Wuhan International Brewing Co.	Joint Venture (majority)
France	Kronenbourg	Joint Marketing/Distribution
Ireland	Guinness	License Brewing
Italy	Peroni	Joint Marketing/Local Brewing
Japan	Kirin	Joint Venture (majority)
Korea	Oriental Brewing	License Brewing
Mexico	Modelo	Equity Investment
Spain	Damm	Contract Brewing
Switzerland	Gastrodrink	Joint Marketing/Distribution
United Kingdom	Scottish Courage	Joint Venture Brewery (50%)

Anheuser-Busch International continues to focus on two primary objectives:

1. Brand Development—Build Budweiser into a leading international brand by investing in aggressive selling and marketing programs tailored to the varied characteristics of international markets.
2. Business Development—Build a diversified international business through equity investment in brewers that have leading brands in key countries where the beer industry has shown or is expected to show good growth.

In 1995, Anheuser-Busch made significant progress toward these objectives. On the brand development side, the company enjoyed strong growth in many diverse markets. Highlights included the following:

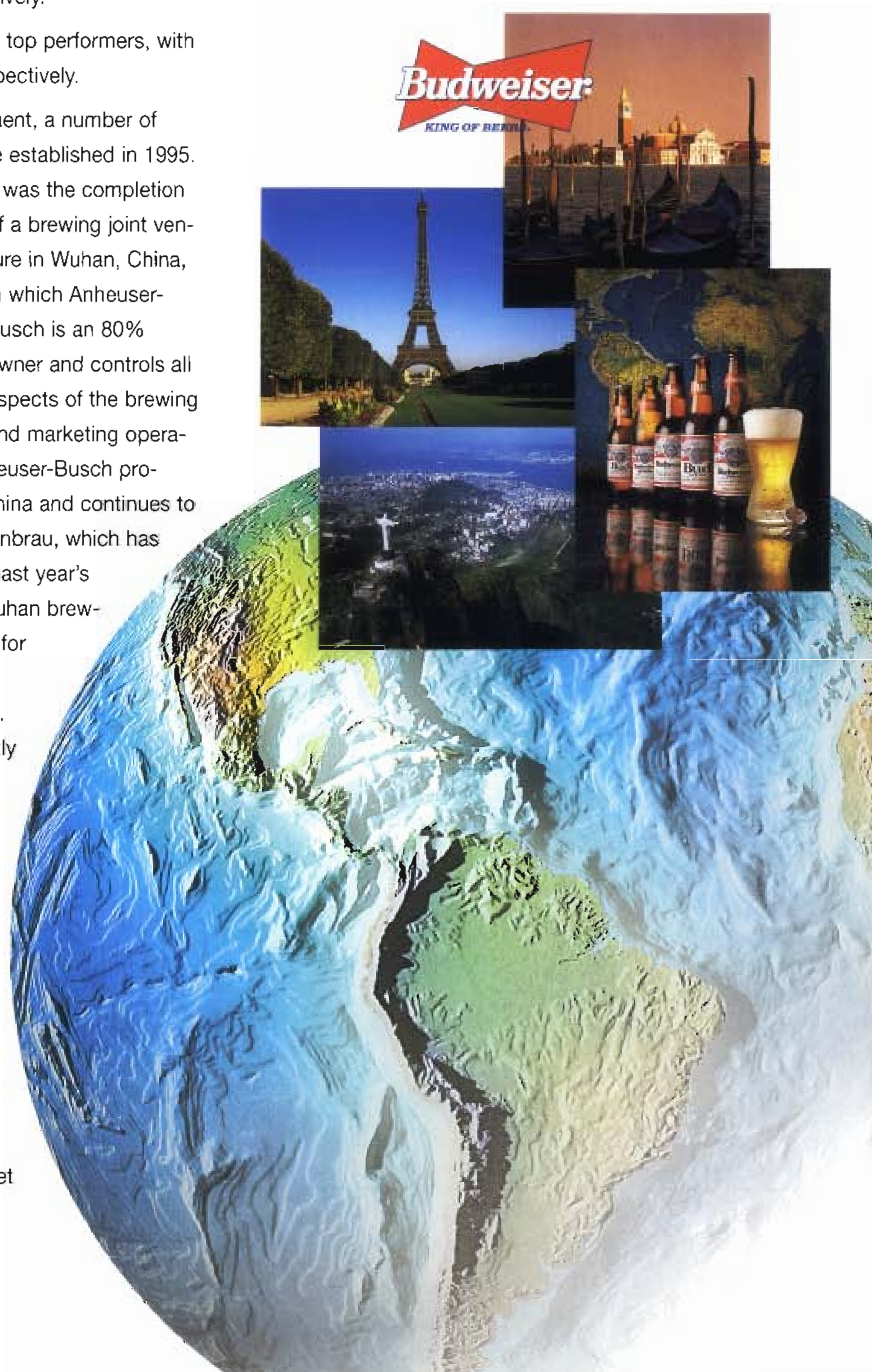
- In the U.K., Budweiser continued its double-digit growth and strengthened its position as the number one premium packaged lager with a 15% share of the premium sector.
- In Ireland, Budweiser also experienced double-digit growth and now has a 24% share of the lager beer market.
- Canada has produced good results as well, with sales increasing 17%. Budweiser and Bud Light together now have a 7% share of the total Canadian beer market.

- The Latin American market continues to provide significant opportunity to Anheuser-Busch because of its high acceptance of U.S. beer brands, combined with profitable and fast-growing beer markets. Brazil and Paraguay performed exceptionally well in 1995, with sales increases of 49% and 77%, respectively.
- In Europe, sales in the core countries of France, Italy, Spain and Greece grew 28% collectively.
- And in Asia, Japan and Taiwan were top performers, with sales increasing 8% and 152%, respectively.

With respect to business development, a number of strategic business arrangements were established in 1995. The most significant accomplishment was the completion of a brewing joint venture in Wuhan, China, in which Anheuser-Busch is an 80% owner and controls all aspects of the brewing and marketing operations. As part of this agreement, Anheuser-Busch produces Budweiser for distribution in China and continues to brew a local premium beer called Steinbrau, which has an established following in China. In last year's annual report it was noted that the Wuhan brewery would require capital investments for equipment modifications to meet A-B brewing and packaging specifications. Those modifications were subsequently made, and Anheuser-Busch began brewing and distributing Budweiser in May 1995, with an initial introduction in the key metropolitan areas of Shanghai, Guangzhou and Beijing.

The Wuhan brewery, together with Anheuser-Busch's focused sales and distribution strategy, will help build a strong base of business in China and pave the way toward the company's goal of achieving a 10% share of the premium beer market in China.

Anheuser-Busch was also active on the business development front in the United Kingdom in 1995, forming a joint venture brewing operation with Scottish Courage Ltd. at the Stag Brewery. Under the agreement, Anheuser-Busch has operational control of the new brewing joint venture, which will allow the company to meet the volume and packaging requirements of its U.K. and continental European sales operations.



International Beer Operations

In Spain, Anheuser-Busch formed an alliance with Sociedad Anonima Damm, one of Spain's leading brewers. The agreement provides effective contract brewing of the Budweiser brand and also broadens the brand's distribution and packaging alternatives in Spain.

In South America, Anheuser-Busch, leading Chilean brewer Compania Cervecerias Unidas S.A. (CCU) and Buenos Aires Embotelladora S.A. (BAESA)—PepsiCo's South American superbottler—have formed a strategic alliance for the growing Argentine beer market. The three-way partnership combines the Budweiser brand, BAESA's strong distribution network and CCU's local brewing expertise and management experience to build a leading brewing presence in Argentina.

The agreement calls for CCU to begin brewing Budweiser under license at its brewery in Santa Fe, Argentina, beginning in late 1996. Anheuser-Busch will also purchase a small initial minority stake in CCU-Argentina, with options to increase its holdings in the future. Anheuser-Busch will oversee marketing support for the Budweiser brand in Argentina through a locally assigned brand manager and will provide technological and marketing expertise.

The Budweiser brand has developed a strong following in the Argentine beer market since it was introduced five years ago on an export basis, and it is expected that this new partnership will provide the brand with an excellent production and distribution base for future growth.

As part of the agreement, the Budweiser brand will also be distributed in Chile through CCU, which holds an 87% share of the Chilean beer market.

In Brazil, Anheuser-Busch has signed a definitive agreement with Companhia Antarctica Paulista, Brazil's second-largest brewer, to purchase an initial equity stake in Antarctica, with options to increase its ownership in the future. Distribution of imported Budweiser has already been transferred to Antarctica, and negotiations continue toward local production of Budweiser in Brazil, which is the largest beer market in Latin America and sixth-largest in the world.

In 1996, new business partnerships are expected to create opportunities in continental Europe through local production by Peroni in Italy and through the distribution of Bud in France and Switzerland by agreements with the leading brewers in those countries.

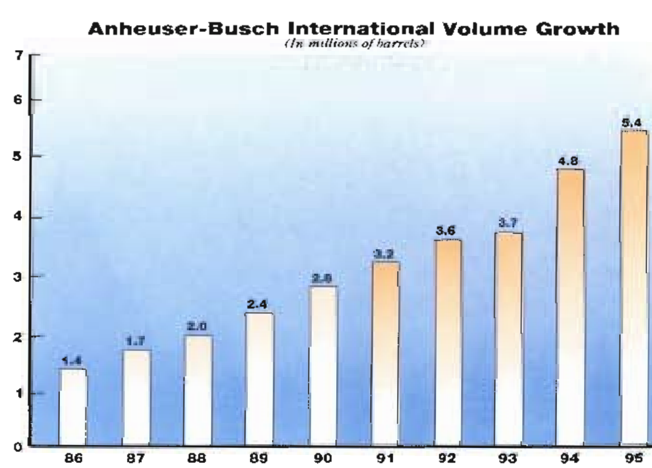
In 1996, Anheuser-Busch will also focus on further development of existing international Budweiser sales operations in the U.K., Japan, China, Brazil, Ireland, France, Spain, Italy, Greece, Taiwan and Canada. Combined, these markets represent more than one-third of worldwide beer volume and will offer the greatest opportunity for profitable volume growth. In these markets, Anheuser-Busch's strategic priorities are:

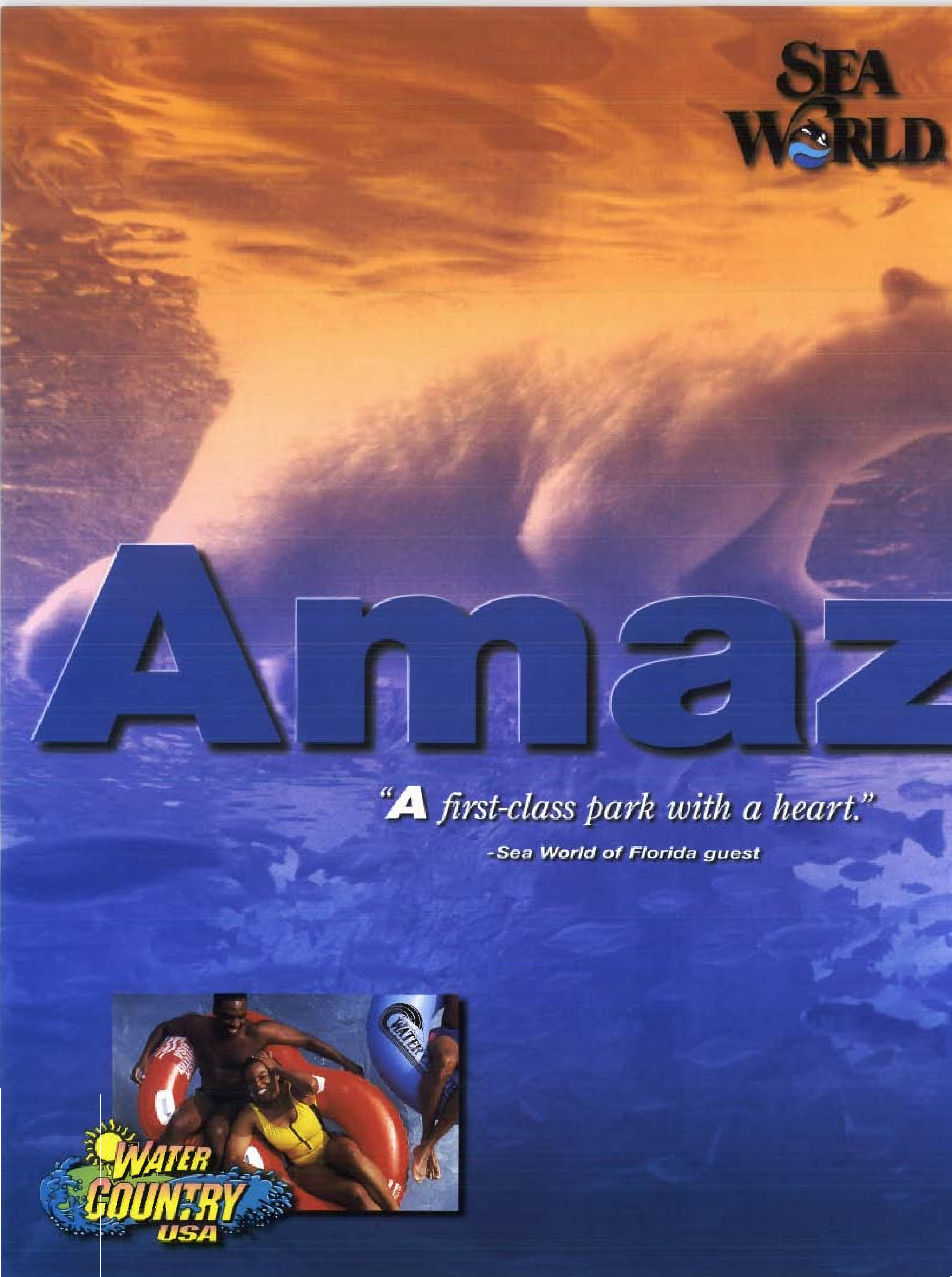
1. Apply, where appropriate, Anheuser-Busch's domestic expertise and experience in packaging, selling and promotion to local markets to help build awareness and market share for Budweiser.
2. Recruit sales personnel and increase the level of training for all members of the selling team at major international operations, modifying successful U.S. and foreign selling strategies and applying them to existing business units around the globe. Additional sales personnel will be added as needed to support this more intense sales effort.
3. Significantly increase global media penetration with such properties as CNNI, MTV and ESPN, and develop more aggressive sports sponsorships such as the World Cup and regional sports events.
4. Build strong alliances with local brewing partners, which will allow Anheuser-Busch to gain knowledge of the market while providing local brewers with the leading international trademark.
5. Maintain the taste profile of Budweiser throughout the world by using the same brewing methods employed in the U.S. and by taking extra care in the shipment of Budweiser to ensure maximum freshness whether brewed locally or exported from the United States.

As Anheuser-Busch works to make Budweiser a leading international beer brand and to build its international business by partnering with leading foreign brewers in growth countries, the company brings some significant strengths to the marketplace. These include:

- Product—Budweiser is refreshingly different from local beers.
- Scale—Because of Anheuser-Busch's size and the tremendous resources available to it, the company not only has significant production and cost advantages that transfer to the international marketplace, but it has the capability of acting quickly when investment opportunities arise.
- Innovation—The company's extensive experience in brewing, operations, business planning, sales and marketing provides a rich resource of ideas that can be creatively adapted to the international marketplace.
- Speed—Anheuser-Busch continues to operate with a sense of urgency in its foreign markets, aggressively and quickly implementing new ideas.

These strengths will help meet the variety of challenges posed by the international beer marketplace and will position Anheuser-Busch to continue its track record of double-digit Budweiser growth, coupled with the growth of its partners' brands in the world beer industry.



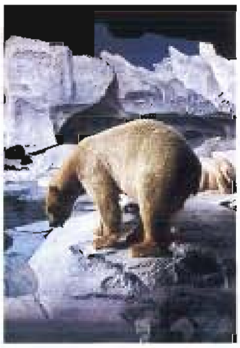

SEA WORLD
Amaz
"A first-class park with a heart."
-Sea World of Florida guest
WATER COUNTRY USA

For the fourth consecutive year, **Busch Entertainment Corporation** enjoyed double-digit growth, achieving record profits and attendance. The Anheuser-Busch (A-B) Theme Parks hosted more than 20 million guests in 1995.

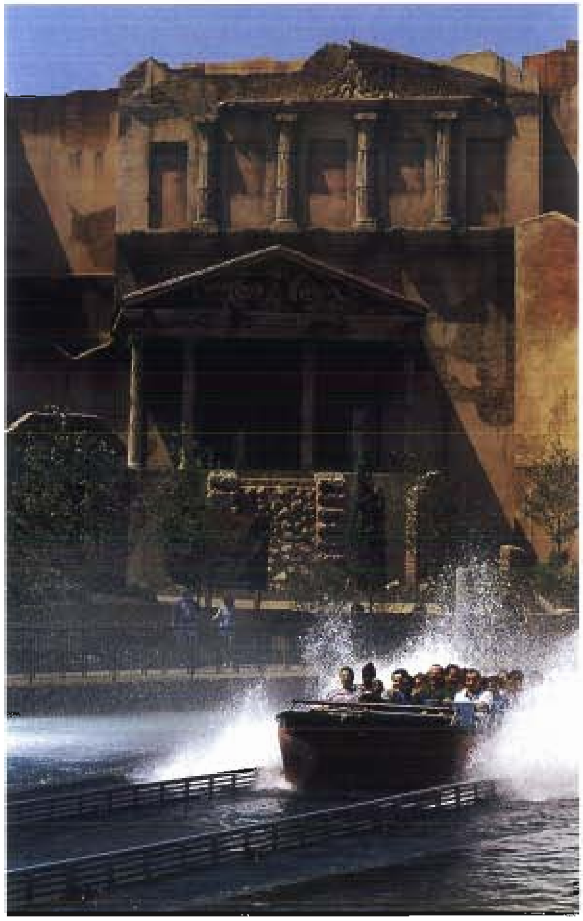
Unlike many theme parks, which focus on "fantasy" fun, the A-B Theme Parks emphasize "real" fun in natural settings. Attractions at the parks are designed to not only entertain, but to help build an appreciation among guests for the natural world, and personal contact with animals is encouraged. Because the A-B Theme Parks offer more than just rides, they attract broad audiences. They are not only popular with young people, but also appeal to mature adults—a real plus in an aging America.

Entertainment Operations

The combination of an exciting ride that not only thrills guests but also builds an appreciation for nature and wildlife is illustrated in Wild Arctic, which opened in 1995 at Sea World of Florida. The most ambitious project ever undertaken at any of the A-B Theme Parks,

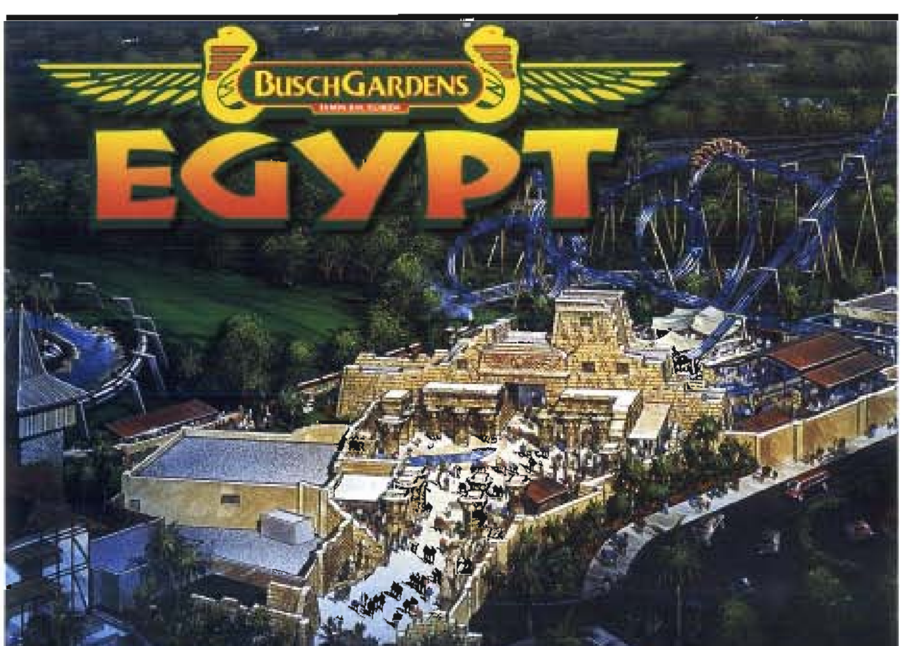


Wild Arctic combines a thrilling motion-based flight over the frozen North with up-close, real-life encounters with the majestic creatures that live there. Wild Arctic, which was previewed in last year's annual report, also offers more than two dozen interactive informational opportunities via touch screens.



Unique attractions such as Wild Arctic, which feature thrills, real-life experiences and an opportunity to learn, set the A-B Theme Parks apart in the industry. Over the last four years, major new attractions have been opened at the parks, creating new experiences that draw both first-time and repeat guests. A good example is Escape from Pompeii, a water adventure that opened in 1995 at Busch Gardens Williamsburg. This innovative ride allows guests to experience an earthquake, fire and other pyrotechnic special effects just prior to a 50-foot plunge into a lake.

The commitment to develop new and innovative attractions will continue in 1996. In fact, an entire new themed area—Egypt—will open at Busch Gardens Tampa Bay. This new area, which transports guests back in time to the Egypt of the 1920s, encompasses nearly seven acres and represents the largest expansion in the history of the park. Bedouin tents, an Egyptian marketplace, a replica of King Tut's tomb, a sand dig area for junior archaeologists, plus Montu—the tallest and longest inverted roller coaster in the world—will be featured.

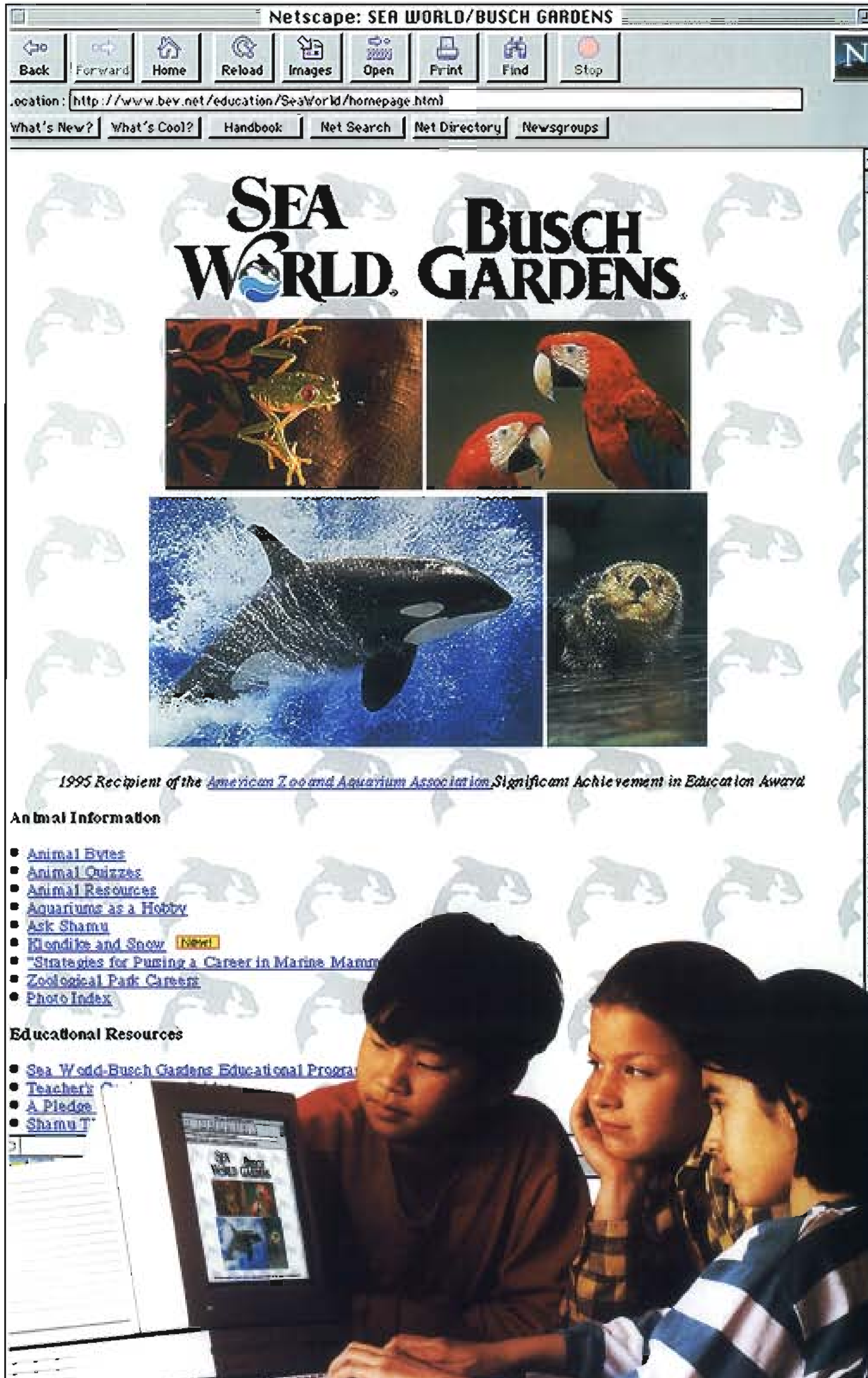


Also in 1996, the A-B Theme Parks will serve as the exclusive theme park sponsor of the Centennial Olympic Games. During the season, IZZY—the official character of the 1996 Olympic Games—will make daily appearances at the parks, and Olympic-themed shows and activities will be featured. In addition, Dan Jansen, the official Olympic ambassador for the A-B Theme Parks, will be joined by a variety of other Olympians for appearances at the parks.

While the A-B Theme Parks focus on creating "fun" encounters that educate guests in an entertaining way, the educational commitment of Busch Entertainment reaches beyond the boundaries of the parks.

For example, Busch Entertainment created the first-ever animal information data base on the Internet. Since its debut a little over a year ago, the Sea World/Busch Gardens Animal Information Data Base—designed for teachers and students—has been used so extensively by animal lovers of all ages that it now ranks among the most-accessed education sites on the Web. The address is http://www.bev.net/education/Sea World.

Busch Entertainment also increases understanding of the natural world through Shamu TV, which brings marine science fieldwork via satellite to as many as 14 million students per broadcast in classrooms around the country. The Emmy-award-winning program consists of live, interactive segments featuring hosts from Sea World and Busch Gardens, up-close footage of animals, interviews with animal experts and a toll-free number that students may call to have questions answered.

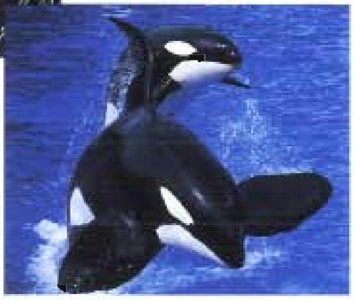


The Busch Entertainment World Wide Web site has been used so extensively that it now ranks among the most-accessed education sites on the Web.

Entertainment Operations

In addition to educational initiatives, Busch Entertainment's ongoing commitment to the environment is also demonstrated through its involvement in animal research, rescue and rehabilitation efforts and conservation partnerships.

On the research front, Busch Entertainment is involved in projects around the world. For example, Busch Gardens supports social systems studies on the western lowland gorillas in Mbeli Bai, Northern Congo, and is involved in the development of a conservation plan for the Lear's macaw, of which only about 125 remain in the wild. Sea World supports humpback whale research in Hawaii and continues physiological and genetic studies on many species including manatees, killer whales and sharks.



Rescue and rehabilitation efforts also play an important role in Busch Entertainment's environmental support. Over the last 30 years, Sea World veterinarians, curators and animal care specialists have responded to around-the-clock calls to aid beached, injured and orphaned wildlife. In the past five years alone, Sea World has rescued more than 3,000 animals.

Alaska provided the setting for a recent Sea World rescue effort. A group of killer whales was found stranded in an inlet and in danger of starvation. Sea World staff worked with the National Marine Fisheries Service and other agencies to develop a successful strategy for herding the whales out to sea.

Finally, Busch Entertainment works on an ongoing basis with national conservation organizations such as The Izaak Walton League, Center for Marine Conservation, National

Fish and Wildlife Foundation, National Wildlife Federation and The Nature Conservancy.

An ability to differentiate itself from its competitors through its natural theming, educational focus and environmental efforts, together with a commitment to innovation and customer satisfaction, have allowed Busch Entertainment to produce record financial results and attendance in a highly competitive industry. In addition, aggressive international marketing has paid off, creating a strong global appeal for the A-B Theme Parks. This is especially significant given that international tourism in the U.S. has been down for the last several years. To help turn this situation around, Busch Entertainment has been working actively to encourage the federal government to promote the U.S. internationally as a tourism destination. In fact, Busch Entertainment supported and participated in the first White House Conference on Travel and Tourism, held in 1995.

Busch Entertainment Locations

Busch Gardens	**Tampa Bay, Fla.** **Williamsburg, Va.**
Sea World	**Orlando, Fla.** **San Antonio, Texas** **Cleveland, Ohio** **San Diego, Calif.**
Adventure Island	**Tampa Bay, Fla.**
Water Country U.S.A.	**Williamsburg, Va.**
Sesame Place	**Langhorne, Pa.**

Also on the international front, Busch Entertainment holds a minority stake in Port Aventura, Europe's second-largest theme park. Located near Barcelona, Spain, the park opened in May 1995 and attracted approximately 2.7 million guests during its first season, exceeding attendance projections. The $390 million theme park is the only such attraction in Spain and features Europe's largest roller coaster. This park not only gives Busch Entertainment an international presence, but works synergistically with Anheuser-Busch's beer operations to provide an international audience with a unique sampling opportunity for the company's products.

While international guests are important to the A-B Theme Parks, domestic guests form their primary customer base. A combination of year-round and seasonal parks, as well as destination versus regional parks, offers a mix of facilities and options that meet the needs of the vast majority of potential guests.

Finally, Busch Entertainment continues to seek new ways to increase awareness of its parks. One example is the filming of the ABC TV program "Second Noah" at Busch Gardens Tampa Bay. One of the characters on this program portrays a veterinarian at the park, and much of the show is shot on location at Busch Gardens. This program portrays the A-B Theme Parks as part of the fabric of American life.

In 1996 and beyond, Busch Entertainment will continue to look for innovative ways to offer exciting and educational experiences for its guests and to enhance its commitment to wildlife preservation and protection.

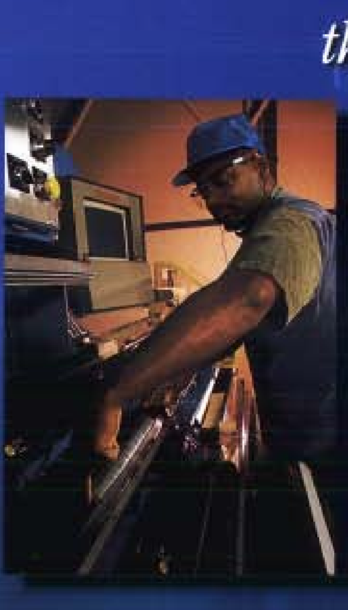
In other entertainment ventures, Busch Properties, Inc., the company's real estate development subsidiary, continues to develop Kingsmill on the James, a residential resort community and business conference center in Williamsburg, Va. In addition, Busch Properties is developing three corporate centers—in Columbus, Ohio, Williamsburg, Va., and Fairfield, Calif.

THE KINGSMILL RESORT AND CONFERENCE CENTER

Innova

*"**W**e must invest in intellectual capital–
the development of new ideas and new ways
of doing business."*

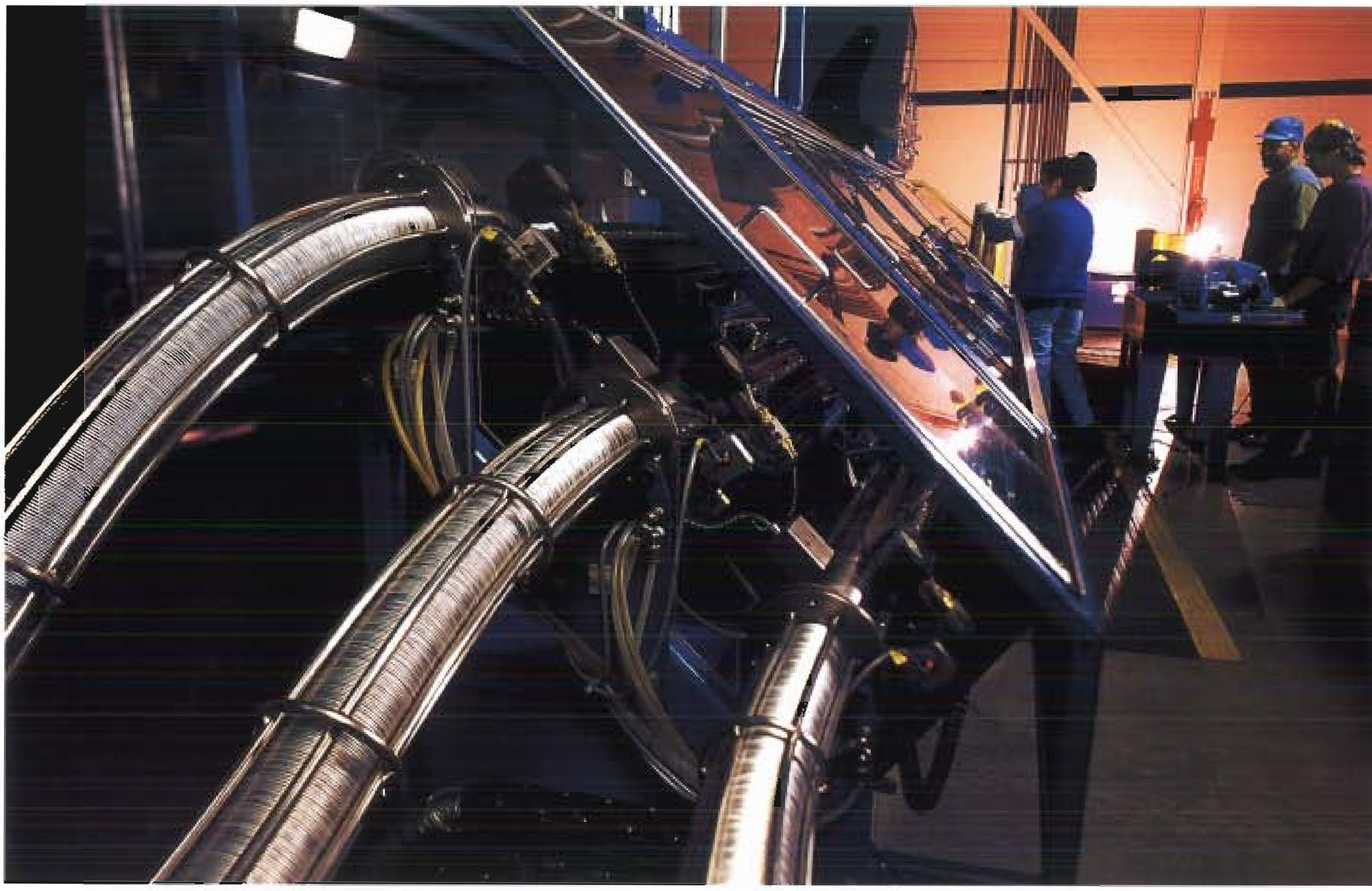
-August A. Busch III



Packaging Operations

Anheuser-Busch's packaging operations provide high-quality, low-cost and innovative cans, lids and labels for use in the beer packaging process; supply packaging to customers in the soft drink industry; produce printed boxes for the food industry; and promote the recycling of aluminum cans, glass and corrugated materials.

Metal Container Corporation (MCC), the second-largest U.S. aluminum beverage container manufacturer, supports the company's beer operations through leadership in can and lid lightweighting and productivity improvement. In 1995, MCC produced nearly 20 billion cans and 22 billion lids. It supplies more than 50% of Anheuser-Busch's can and lid requirements and is also a significant supplier to the U.S. soft drink container market.



Highlights of MCC's 1995 performance include:

- Opening a state-of-the-art can manufacturing plant in Mira Loma, Calif., to replace the Carson, Calif. plant which has been closed. The new plant will allow Metal Container to supply more cans to Anheuser-Busch's Los Angeles brewery and become an even more significant supplier to the West Coast soft drink industry and the international market.
- Advancing from third to second place in the can industry.
- Converting additional can lines and lid modules to meet the needs of customers in the soft drink industry.
- Establishing Metal Container International to further expand business opportunities outside the U.S., in support of Anheuser-Busch International.
- Installing additional lid capacity on the West Coast to capitalize on international opportunities.

Metal Container remains committed to total quality principles, including continuous improvement in the areas of customer satisfaction, product quality, operational efficiencies and employee satisfaction. In addition, the company excels at partnership building, packaging line engineering design, raw materials procurement and sales skills. All of these competencies have allowed the company to become the highest-quality, lowest-cost supplier in the industry while growing market share. These factors will continue to be competitive advantages as Metal Container seeks to achieve its goal of becoming the domestic market leader in primary packaging for beverages.

The company is well positioned to meet the industry challenge created by the significant change in the structure of aluminum can sheet pricing, which was first announced by aluminum can sheet producers in 1993. Metal Container's knowledge and experience in the aluminum sheet market, as well as its metal purchasing volume, have allowed the company to effectively manage this change.

Finally, aluminum cans are being threatened domestically by bottles in the beer business and by plastic containers in the soft drink industry. Metal Container is actively working with beverage manufacturers to improve and modernize can graphics to enhance the image of this container. In addition, for many years in the can industry, high quality, low cost and reliability were the guiding business principles. Today, flexibility and responsiveness to customer needs are becoming equally critical components of success, and Metal Container is committed to providing customers with the packages that best meet their needs.

Internationally, cans have retained their premium package image. As a result, Metal Container currently supplies a number of international customers. Metal Container International, formed primarily to support Anheuser-Busch's international beer expansion, is working to establish business relationships in foreign markets and grow the international container business by building a solid international customer base.

Packaging Operations

As the world's largest recycler of used aluminum beverage containers, **Anheuser-Busch Recycling Corporation (ABRC)** recycled more than 665 million pounds of aluminum—the equivalent of more than 125% of the beer cans sold by Anheuser-Busch—and nearly 108,000 tons of glass in 1995. ABRC supports the company's beer operations by helping to reduce container costs and providing a positive alternative to mandatory deposits.

Precision Printing and Packaging, Inc., the third arm of Anheuser-Busch's packaging operations, provides printed packaging material to the beverage, baking and other industries in the form of paper labels, metalized labels and printed boxes.

Precision Printing is the largest label provider for the domestic beer industry. In addition to supplying a variety of customers in this industry, Precision Printing also provides more than half of all Budweiser labels plus all of the metalized labels required for Anheuser-Busch's beer operations. The company enjoyed strong growth in 1995.

Together, Anheuser-Busch's packaging operations provide a distinct competitive advantage for the company's core beer business and positively affect the bottom line of the corporation, thereby providing significant value to shareholders.

ANHEUSER-BUSCH COMPANIES, INC.
1995 Financial Review

Contents

Introduction

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition and liquidity/cash flows of Anheuser-Busch Companies, Inc. during the three-year period ended December 31, 1995. This discussion should be read in conjunction with the Letter to Shareholders, Consolidated Financial Statements and Notes to Consolidated Financial Statements included in this annual report.

Financial results for 1995 and 1993 were impacted by certain significant one-time, nonrecurring transactions and events which make meaningful comparisons to prior years more difficult. These specific transactions and events are summarized below.

The year 1995 was significant not only for the business results achieved, but also because of several major management decisions made during the year. These decisions will make Anheuser-Busch a more focused and competitive company in the future.

1995 Transactions/Events

During 1995, Anheuser-Busch announced a series of strategic initiatives designed to focus maximum attention on the company's core businesses, improve future profitability and enhance shareholder value as follows:

1. Divestiture of food products segment

Through the tax-free 100% spin-off of Campbell Taggart to shareholders and the sale of Eagle Snacks, Anheuser-Busch will have divested its food products segment. As such, in accordance with generally accepted accounting principles, Anheuser-Busch has restated all prior period financial statements and financial information to segregate the historical combined financial results of Campbell Taggart and Eagle Snacks

from detailed financial components. All Campbell Taggart and Eagle Snacks related financial results and financial information are reported in the Anheuser-Busch Consolidated Financial Statements as discontinued operations.

In connection with the Campbell Taggart spin-off, each Anheuser-Busch shareholder will receive a pro-rata share of voting common stock of Campbell Taggart in a special dividend. Campbell Taggart will become a separately traded, publicly held company. The spin-off is expected to be completed by the end of the first quarter 1996. There is no reported gain or loss on the spin-off transaction. However, Anheuser-Busch recognized $19.8 million in after-tax spin-off related costs and taxes in 1995. These costs and taxes are reported as part of discontinued operations.

In February 1996, Anheuser-Busch reached an agreement to sell most of its Eagle Snacks production facilities. The sale is subject to approval by appropriate regulatory agencies. In connection with this decision and related shut-down and disposal costs, Anheuser-Busch recognized a $205.7 million ($.78 per share) after-tax charge in the fourth quarter 1995. This charge is reported as part of discontinued operations.

Additional information concerning the divestiture of the food products segment is included in Note 2 to the Consolidated Financial Statements.

2. Sale of the St. Louis National Baseball Club (Cardinals)

In December 1995, the company signed a contract to sell the St. Louis National Baseball Club. The sale will also include Busch Memorial Stadium, nearby parking garages and other properties in downtown St. Louis. The sale price will approximate $150 million, resulting in a pretax gain of approximately $50 million.

The contract is subject to Major League Baseball approval. The sale will close in early 1996 and the gain will be recognized in the company's 1996 financial statements. Financial results for the Cardinals are included in continuing operations for 1995.

3. Consolidation of brewing capacity resulting in the closure of the Tampa brewery

By utilizing the full production capacity of its new Cartersville, Ga., brewery, plus ongoing modernization programs at its other 11 breweries, Anheuser-Busch has been able to add a significant amount of efficient, low-cost capacity. The Tampa brewery was the company's highest-cost-per-barrel brewery. Accordingly, the Tampa brewery was closed in 1995 resulting in a $160 million pretax charge ($.38 per share) in the fourth quarter 1995. This charge is identified as a separate line item on the company's Consolidated Statement of Income. The company estimates closing the Tampa brewery will result in approximately $33 million per year in ongoing pretax operational cost savings.

4. Reduction of beer wholesaler inventories

In a move to achieve greater systemwide efficiencies and reduce costs, Anheuser-Busch reduced wholesaler inventories by about one-third during the fourth quarter 1995. Year-end inventories were at 10 days of supply. Management estimates the lower inventory level will result in a combined $12 million annual systemwide cost savings shared by Anheuser-Busch and its network of beer wholesalers through improved scheduling, lower transportation costs and reduced working capital requirements. This program will also further enhance the company's product freshness and increase its competitive advantage.

This decision resulted in lower beer shipments by Anheuser-Busch in the fourth quarter 1995 of approximately 1.1 million barrels, which equates to reduced net sales of $107 million and reduced operating profits of approximately $74.5 million. This financial impact is not separately identified in the company's Consolidated Statement of Income.

These actions will make Anheuser-Busch a more focused and competitive company.

Anheuser-Busch plans to achieve three major objectives in coming years. First, the company will continue to gain an increased share of the brewing industry margin pool in the United States. Second, Anheuser-Busch will continue to globalize its beer operations. Finally, the company will support the growth of its packaging and entertainment subsidiaries. Focusing on these objectives will permit Anheuser-Busch to capitalize on its market leadership and competitive advantages in its core brewing business, gain efficiencies through the manufacture of beverage containers and enhance profitability through the entertainment of 20 million guests annually.

1993 Transactions

Financial results for 1993 were affected by two nonrecurring special charges as follows:

1. The company's Profitability Enhancement Program, which included significant operational and organizational changes, resulted in a one-time, pretax restructuring charge to continuing operations of $401.3 million, or $.96 per share. This Program included the following elements:

* An enhanced retirement program for salaried employees ($92.4 million);
* The write-down of underperforming assets included in the entertainment segment ($114.3 million); and
* The restructuring and reorganization of the company ($194.6 million).

As anticipated, the Program generated approximately $80 million of immediate annual cost savings. In conjunction with Program-related capital expenditures of approximately $1.3 billion during 1994-1998, the Program is expected to generate additional cost savings accumulating to more than $300 million a year by 1998.

Further information concerning the details of the Profitability Enhancement Program and related restructuring charge, including a reconciliation of the restructuring accrual for 1995 and 1994, is included in Note 6 to the Consolidated Financial Statements.

2. The Revenue Reconciliation Act of 1993, which increased the federal income tax rate by one percentage point to 35% from 34%, resulted in a $31.2 million, or $.11 per share, one-time increase in the company's deferred tax liability, in accordance with Financial Accounting Standard No. 109 (FAS 109), "Accounting for Income Taxes."

Continuing Operations

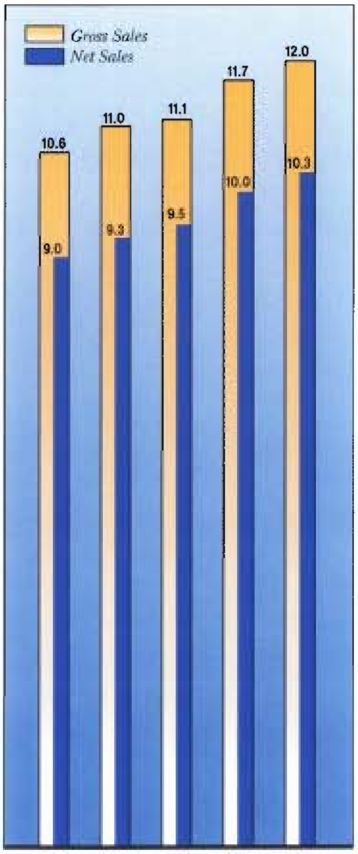
As previously noted, the 1995 and 1993 significant transactions and events make it difficult to directly compare 1995 versus 1994, and 1994 versus 1993 financial results. Accordingly, key financial comparisons for continuing operations are presented on both a "normal operations" basis (excluding the special items) and an "as-reported" basis (including the special items) in order to facilitate a complete understanding of company results.

Financial comparisons for continuing operations on an as-reported and normal operations basis between 1995, 1994 and 1993 are shown on the facing page.

Continuing Operations:	1995 As Reported	% Change vs. 1994	1995 Normal Operations	% Change vs. 1994
	Full Year 1995 vs. 1994 ($ in millions, except per share)			
Gross Sales	$12,004	Up 2.6%	$12,131	Up 3.6%
Excise Taxes	$1,664	Dn .9%	$1,683	Up .2%
Net Sales	$10,340	Up 3.1%	$10,448	Up 4.2%
Operating Income	$1,633	Dn 11.9%	$1,867	Up .8%
Income from Continuing Operations	$887	Dn 12.6%	$1,032	Up 1.8%
Fully Diluted Earnings Per Share	$3.42	Dn 10.2%	$3.98	Up 4.5%

Continuing Operations:	1994	1993 As Reported	% Increase	1993 Normal Operations	% Increase
	Full Year 1994 vs. 1993 ($ in millions, except per share)				
Operating Income	$1,853	$1,287	Up 44.1%	$1,688	Up 9.8%
Income from Continuing Operations	$1,014	$657	Up 54.4%	$935	Up 8.5%
Fully Diluted Earnings Per Share	$3.81	$2.40	Up 58.8%	$3.39	Up 12.4%

Sales*
(In billions of $)



** The difference between gross sales and net sales represents excise taxes.*

Sales

Anheuser-Busch achieved record gross sales during 1995 on an as-reported basis of $12.0 billion, an increase of $300 million or 2.6% over 1994 gross sales of $11.7 billion. Gross sales for 1994 were 5.0% higher than 1993. Gross sales for 1993 were $11.1 billion, an increase of 1.3% over 1992. Gross sales include $1.7 billion in federal and state beer excise taxes for each of the years 1995, 1994 and 1993.

Net sales for 1995 on an as-reported basis were also a record $10.3 billion, an increase of $315 million or 3.1% over 1994 net sales of $10.0 billion. Net sales for 1994 were 5.9% higher than 1993. Net sales during 1993 were $9.5 billion, an increase of 1.4% over 1992.

The increases in gross and net sales in 1995 as compared to 1994 were negatively impacted by the reduction in beer wholesaler inventories during the fourth quarter 1995. Excluding the beer inventory reduction, gross sales and net sales for 1995 would have increased 3.6% and 4.2%, respectively, over 1994.

Anheuser-Busch, Inc., the company's brewing subsidiary and largest contributor to consolidated sales, reported 1995 sales of 87.5 million barrels, a decrease of 990,000 barrels, or 1.1%, versus the 88.5 million barrels sold during 1994. The 1995 reported volume sales amounts were negatively impacted by the beer wholesaler inventory reduction. Excluding the inventory reduction, Anheuser-Busch, Inc. beer volume would have been 88.6 million barrels, a .1% increase over 1994. Reported market share for 1995 of 44.1% was adversely affected by the impact of the beer inventory reduction on Anheuser-Busch, Inc. sales volumes. The company's share of the domestic market was unchanged. Excluding the inventory reduction, Anheuser-Busch market share would have been 44.4%, level as compared to 1994. Industry sales include exports, imports, nonalcohol brews and other malt beverages and represent estimates based on information provided by The Beer Institute.

Sales-to-retailers, a more accurate measure of underlying consumer demand, were slightly above those of the previous year, a new record. Sales-to-retailers volume was not impacted by the company's beer wholesaler inventory reduction program.

During 1995, Anheuser-Busch's core premium brands (the Budweiser and Michelob families) gained momentum, with Bud Light increasing at a double-digit rate and Michelob Light increasing 9%. Bud Ice sales trends have steadily improved since February 1995. In addition to Bud Ice, the company introduced seven new beer brands in 1995. Busch Ice and Natural Ice were introduced in selected regional markets. Michelob Amber Bock was introduced to the national market and a special Christmas Brew was added for the important holiday season. Three "American Originals" specialty beers (Faust, Muenchener and Black & Tan), crafted in the style of the turn-of-the-century beers brewed by the company's founder, Adolphus Busch, were introduced for test marketing in Seattle and Denver. Additionally, the company successfully increased beer prices in seven states in fall 1995. Price increases will be implemented in the remainder of the country in early 1996.

International beer performance was strong during 1995, led by continuing sales expansion in the United Kingdom and Ireland. International brewing's operating profit for 1995 increased at a double-digit pace versus 1994.

Metal Container Corporation, the second-largest aluminum beverage can manufacturing company in the U.S., was also a major contributor to Anheuser-Busch profitability. The addition of a new can manufacturing facility in California supported significant growth in can volume and Metal Container profitability.

Lastly, Busch Entertainment theme parks contributed to overall sales and profitability growth in 1995 through the combination of higher attendance and higher ticket prices.

Anheuser-Busch, Inc. beer sales for 1994 were a record 88.5 million barrels, an increase of 1.2 million barrels, or 1.4%, higher than the 87.3 million barrels sold during 1993. Sales-to-retailers for 1994 increased 2.8% as compared to 1993. The difference between growth rates in reported sales volume versus sales-to-retailers for 1994 is primarily due to the company's planned reduction in year-end 1994 wholesaler inventories. In 1993, the company built year-end beer inventories in anticipation of national labor negotiations, which were successfully concluded in 1994. In addition to lowering Anheuser-Busch sales volume growth, the planned 1994 inventory reduction also affected the calculations for overall industry growth and market share.

The Budweiser Family of premium beers was a significant contributor to the increase in sales volume for 1994 and contributed to an approximate 1% increase in revenue per barrel. Bud Family sales-to-retailers increased 3.5% for the year, led by Bud Light, which continued to grow at double-digit rates, and the introduction of Ice Draft from Budweiser and Ice Draft Light. During the third quarter 1994, Bud Light became the largest-selling light beer in the country and the second-largest beer brand overall behind Budweiser.

Anheuser-Busch, Inc. increased its brewing industry market share during 1994 compared to 1993 by .1 share point, with sales volume representing 44.4% of total brewing industry sales (including exports, imports, nonalcohol brews and other malt beverages), according to estimates based on information provided by The Beer Institute.

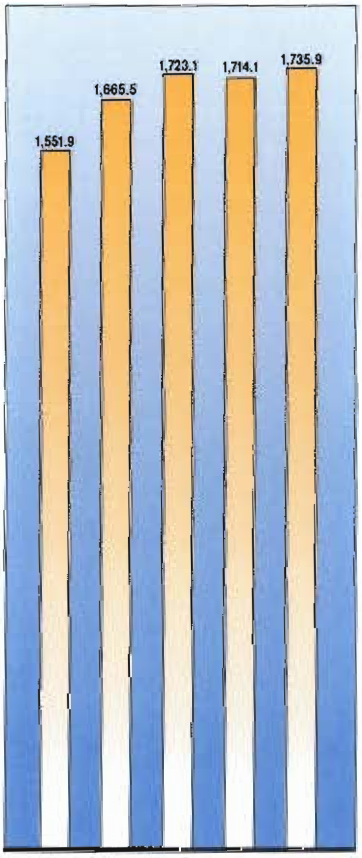
Gross and net sales increased in 1993 as compared to 1992, due to higher beer volume sales as well as higher sales by the company's packaging and entertainment subsidiaries. However, net revenue per barrel declined approximately 1% in 1993 due primarily to competitive pricing, brand and package mix shifts and geographic trends.

Anheuser-Busch, Inc. sold an industry record 87.3 million barrels of beer in 1993, an increase of .6% compared to 1992 beer volume of 86.8 million barrels. The company's 1993 beer volume gains, built from the largest volume base in the industry, were achieved despite severe economic weakness in key selling areas such as the West Coast and Northeast. Anheuser-Busch, Inc. maintained its market share in 1993, with sales volume representing approximately 44.3% of total brewing industry sales.

Cost of Products and Services

Cost of products and services for 1995 was $6.79 billion, a 4.6% increase over the $6.49 billion reported for 1994. This increase follows a 5.3% and 1.9% increase in 1994 and 1993, respectively. The cost increases primarily relate to higher production and packaging costs for the company's brewing subsidiary and other beer-related operations and higher attendance at the company's entertainment operations. The increase in cost of products and services has been partially offset each year by the company's ongoing productivity improvement and cost reduction programs.

Total Payroll Cost
(In millions of $)



During 1995, beer packaging costs increased substantially as a result of higher aluminum costs. However, such increases were mitigated by the company having protected pricing on more than half of its 1995 aluminum sheet requirements at prices below the current market level.

Cost of products and services for 1994 and 1993 increased primarily due to higher production costs for the company's brewing subsidiary and other beer-related operations and higher attendance at the company's entertainment operations. As a percent of net sales, cost of products and services for 1995 increased to 65.7% compared to 64.8% for 1994 and 65.1% for 1993.

Marketing, Distribution and Administrative Expenses

Marketing, distribution and administrative expenses for 1995 were $1.76 billion, an increase of 4.6% compared to 1994. These expenses increased in 1995 primarily due to the addition of marketing and distribution expenses for new beer brands and higher international beer marketing expenses.

Marketing, distribution and administrative costs for 1994 were $1.68 billion and increased by 4.2% over 1993. The increased expense level for 1994 was primarily the result of the company's joint venture in Japan which began operations in September 1993. Expenses for 1993 benefited from lower postretirement medical costs and the divestiture of the company's Newark wholesale operation. This expense category was flat in 1993 as compared to 1992.

Areas of cost increase incurred by the company since 1992 include media advertising, point-of-sale materials and developmental expenses associated with new advertising and marketing programs for established as well as new products, payroll and related costs, business taxes, depreciation, supplies and general operating expenses.

Taxes and Payroll Costs

The company is significantly impacted by federal, state and local taxes, especially beer excise taxes. Taxes applicable to 1995 operations (not including the many indirect taxes included in materials and services purchased) totaled $2.44 billion and highlight the burden of taxation on the company and the brewing industry in general. Taxes for 1995 decreased $101 million or 4.0% versus 1994 taxes of $2.54 billion. This decrease follows an increase of 7.8% in 1994 and a decrease of 3.9% in 1993.

The significant decrease in total taxes for 1995 compared to 1994 is primarily due to reduced income taxes on lower taxable income, resulting from the cost associated with the shutdown of the Tampa brewery and the beer wholesaler inventory reduction. The beer wholesaler inventory reduction also contributed to lower beer excise taxes in 1995 versus 1994.

The significant increase in total taxes for 1994 compared to 1993 is due to higher income taxes resulting from the company's substantially higher earnings compared to the 1993 level, which was impacted by the nonrecurring restructuring charges.

The decrease in total taxes for 1993 compared to 1992 is due to the company's lower earnings level, offset partially by higher beer excise taxes, the FAS 109 deferred tax revaluation adjustment and the 1% increase in the federal statutory income tax rate which took effect January 1, 1993.

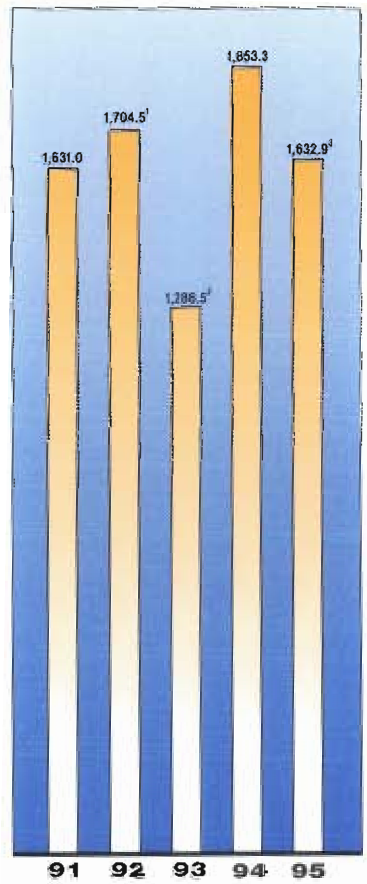
Payroll costs during 1995 totaled $1.74 billion, an increase of $30 million versus 1994 costs of $1.71 billion, and reflect normal increases in salaries, wages and benefit levels. Payroll costs decreased .5% in 1994, reflecting the lower number of employees due to the 1993 Enhanced Retirement Program. Payroll costs increased 3.5% in 1993 versus 1992, reflecting normal increases in salaries, wages and benefit costs. Payroll costs for 1993 exclude the one-time severance pay and other costs associated with the company's Enhanced Retirement Program.

Salaries and wages paid during 1995 totaled $1.38 billion. Pension, life insurance and health care benefits amounted to $245.7 million while payroll taxes were $109.0 million. Full-time employees for continuing operations at December 31, 1995 numbered 24,127 compared to 23,857 at December 31, 1994.

During the second quarter of 1994, a four-year labor contract affecting the majority of the company's beer production employees was ratified. The contract (which expires February 28, 1998) enhances a wage and benefits package which is already the most attractive in the industry and establishes an improved framework for the company to achieve operating productivity increases over time.

Operating Income*

(In millions of $)



1 - Includes 1992 impact of accounting changes. Excluding such impact, operating income would have been $1,819.3.

2 - Includes 1993 nonrecurring special charges. Excluding such charges, operating income would have been $1,687.8.

3 - Includes 1995 nonrecurring special items. Excluding such items, operating income would have been $1,867.3.

** On a continuing operations basis*

Operating Income

Operating income represents the measure of the company's financial performance before interest costs and other nonoperating items. As previously noted, 1995 and 1993 operating income was affected by several significant transactions and events.

Operating income for 1995 was $1.63 billion on an as-reported basis, a decrease of $220 million, or 11.9%, as compared to 1994. Operating income for 1994 increased by 44.1% over 1993 on an as-reported basis. On a normal operations basis, operating income increased .8% in 1995 and 9.8% in 1994.

The increase in operating income for 1995 on a normal operations basis was primarily due to the performance of the company's international beer, packaging and theme park operations. The increase in operating income for 1994 on a normal operations basis was primarily the result of positive domestic and international beer performance, offset by lower earnings at the St. Louis National Baseball Club (attributable primarily to the baseball players' strike which began in August 1994).

Operating income was $1.29 billion for 1993 on an as-reported basis, a decline of 24.5% compared to 1992 operating income of $1.70 billion. On a normal operations basis, operating income for 1993 decreased $16.7 million (or 1.0%) compared to 1992. The decrease in operating income in 1993 on a normal operations basis was primarily attributable to a 1% lower net revenue per barrel due primarily to competi-

tive pricing, brand and package mix shifts and geographic trends. Operating income (on a normal operations basis) as a percent of net sales was 17.9% in 1995, 18.5% in 1994 and 17.8% in 1993.

Net Interest Cost/Interest Capitalized

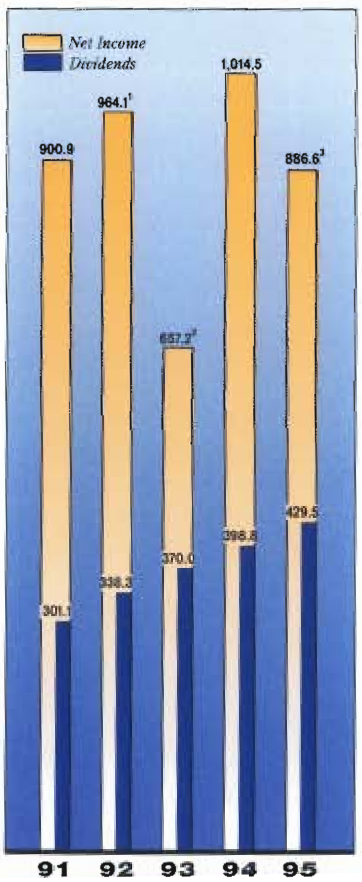
Net interest cost (interest expense less interest income) for 1995 was $216.0 million, a decrease of $.7 million compared to 1994. Net interest cost for 1994 was $216.7 million, an increase of $15.0 million, or 7.4%, over net interest cost of $201.7 million for 1993. The increase in net interest cost in 1994 was due to higher average debt balances outstanding during the period, primarily as a result of financing capital expenditures, share repurchases and international brewing investments.

Net interest cost for 1993 represented an increase of $11.5 million, or 6.0%, when compared to 1992 net interest cost of $190.2 million. The increase in net interest cost during 1993 was due primarily to higher average debt balances outstanding, primarily as a result of financing international brewing investments.

Specific information regarding company financing activity (including the level of debt activity and the leveraged ESOP) and the company's capital expenditure and share repurchase programs is presented in the Liquidity and Capital Resources section of this discussion.

Interest capitalized increased $2.5 million in 1995 as compared to 1994. The increase in interest capitalized was due primarily to a higher level of construction projects. Interest capitalized decreased $13.4 million in 1994 as compared to 1993. The decline in interest capitalized for 1994 was related to the spring 1993 initial start-up of the company's brewery in Cartersville, Ga., which resulted in the cessation of interest capitalization for completed areas of this facility. Interest capitalized declined $11.7 million in 1993 as compared to 1992. The decline in interest capitalized in 1993 was also primarily related to the phased start-up of the Cartersville brewery.

Income from Continuing Operations/Dividends on Common Stock
(In millions of $)



1 - Before cumulative effect of accounting changes.

2 - Includes 1993 nonrecurring special charges Excluding such charges, net income would have been $935.2.

3 - Includes 1995 nonrecurring special items Excluding such items, net income would have been $1,032.3.

Other Income/(Expense), Net

Other income/(expense), net includes numerous items of a nonoperating nature which do not have a material impact on the company's consolidated results of operations (either individually or in the aggregate).

This category provided income in 1995, 1994 and 1993 of $20.5 million, $17.6 million and $21.0 million, respectively. This is due primarily to the recognition of dividend income from the Grupo Modelo investment accounted for under the cost method.

Income from Continuing Operations

Income from continuing operations for 1995 (on an as-reported basis) was $887 million, a decrease of 12.6% compared to 1994. Income from continuing operations for 1994 was $1.01 billion, an increase of $357 million, or 54.4%, over 1993 (on an as-reported basis). On a normal operations basis, income from continuing operations increased 1.8% and 8.5%, respectively, in 1995 and 1994.

The company reported income from continuing operations of $657 million in 1993 (on an as-reported basis), a decline of 25.9% compared to 1992. On a normal operations basis, the company would have reported income from continuing operations of $935 million in 1993, a decline of 2.9% compared to 1992.

The company's effective income tax rate was 39.3% for 1995 versus 39.5% for 1994. The effective income tax rate for 1993 of 42.4% is not comparable to 1995 or 1994, due to the impact of the deferred tax revaluation adjustment to reflect the retroactive impact of the 1% federal tax rate increase signed into law during 1993. Excluding this nonrecurring item, the effective tax rate for 1993 would have been 39.7%.

Fully Diluted Earnings Per Share from Continuing Operations

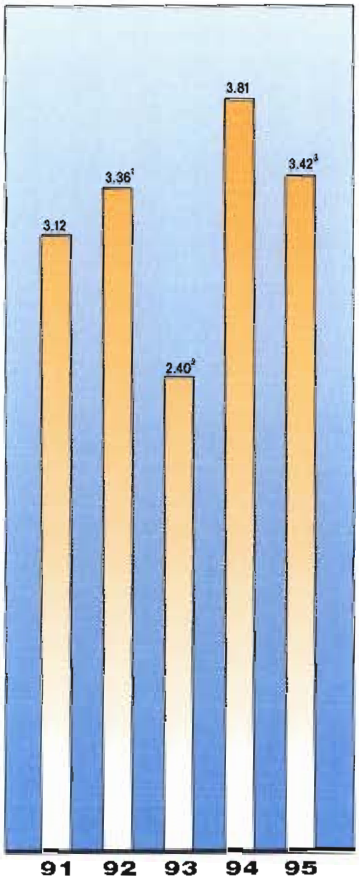
Fully diluted earnings per share from continuing operations for 1995 were $3.42 (on an as-reported basis), a decrease of 10.2% compared to 1994. Fully diluted earnings per share from continuing operations for 1994 were $3.81, an increase of 58.8% compared to 1993 (on an as-reported basis). On a normalized basis, fully diluted earnings per share from continuing operations would have increased 4.5% and 12.4% in 1995 and 1994, respectively.

The company reported fully diluted earnings per share from continuing operations of $2.40 in 1993, a decline of 22.6% compared to 1992. On a normal operations basis, the company would have reported fully diluted earnings per share from continuing operations of $3.39 in 1993, an increase of .9% compared to 1992.

The difference between the company's year-to-year percentage change in net income and earnings per share is due to share repurchases.

Fully diluted earnings per share from continuing operations assume the conversion (as of January 1, 1993) of the company's 8% convertible debentures. In calculating fully diluted earnings per share, weighted average shares outstanding are increased by the assumed conversion of the debentures and net income from continuing operations is increased by the after-tax interest expense on the debentures.

Fully Diluted Earnings Per Share from Continuing Operations



1 - Based on net income before cumulative effect of accounting changes.

2 - Includes 1993 nonrecurring special charges. Excluding such charges, fully diluted earnings per share would have been $3.39.

3 - Includes 1995 nonrecurring special items. Excluding such items, fully diluted earnings per share would have been $3.98.

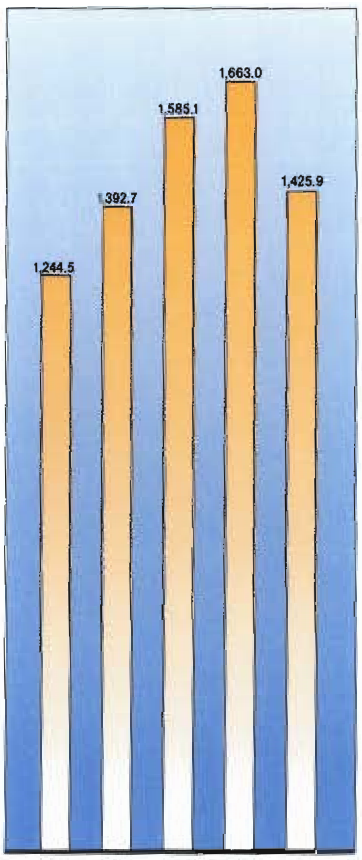
Financial Position

Liquidity and Capital Resources

The company's primary sources of liquidity are cash provided from operating activities and certain financing activities. Information on the company's consolidated cash flows (segregated as operating activities, financing activities and investing activities) for the years 1995, 1994 and 1993 is presented in the Consolidated Statement of Cash Flows in this annual report.

Working capital at December 31, 1995 was $268.6 million as compared to December 31, 1994 working capital of $57.0 million and a working capital deficit of $(41.3) million at December 31, 1993. The 1993 working capital deficit was due primarily to the $137.6 million restructuring accrual associated with that year's restructuring charge.

Cash Flow from Continuing Operations
(In millions of $)



Total short-term and long-term debt increased a net $203.7 million in 1995 and $46.7 million in 1994, due to the following:

Debt Issuances

$597.6 million in debt was issued in 1995, versus $182.2 million in 1994.

Year	Type	Amount (millions)	Yield
1995	Debentures and other, net	$573.2	Various
	IRB'S	24.4	Various
1994	Commercial Paper	$182.2	Various

Debt Reductions

Debt was reduced $393.9 million in 1995, versus $135.5 million in 1994.

Year	Type	Amount (millions)	Yield
1995	Debentures and other, net	$ 69.8	Various
	Commercial Paper, net	176.8	Various
	Medium Term Notes	117.0	Various
	ESOP Debt	30.3	8.3%
1994	Debentures	$106.4	Various
	ESOP Debt	29.1	8.3%

Gains/losses on debt reduction activities (either individually or in the aggregate) were not material to the company's Consolidated Financial Statements during 1995, 1994 or 1993.

At December 31, 1995 and 1994, there were $572.5 million and $749.3 million, respectively, of outstanding commercial paper borrowings classified as long-term debt. The commercial paper is intended to be maintained on a long-term basis, with ongoing credit provided by the company's revolving credit agreements.

The company utilizes SEC shelf registration statements to provide financing flexibility. At December 31, 1995, a total of $300 million was available for debt issuance under shelf registration statements.

In 1989, the company registered with the Securities and Exchange Commission (SEC) a total of $300 million of seven-year convertible debentures (ultimately convertible into common stock) as part of its Wholesaler Investment Program. A total of $241.7 million of the debentures were issued. The debentures are subject to mandatory redemption at the end of seven years (1996), optional redemption/repurchase at the company's or holder's discretion after three years, and special redemption/repurchase based on the occurrence of certain redemption events with respect to particular holders. As of December 31, 1995, $166.0 million of these debentures were still outstanding.

During the next five years, the company plans to continue capital expenditure programs designed to take advantage of growth and productivity improvement opportunities for its beer and beer-related and entertainment segments. Cash flow from operating activities will provide the principal support for these capital investments. However, a capital expenditure program of this magnitude (as well as continued share repurchases and possible international beer-related investments) may require external financing from time to time. The nature and timing of external financing will vary depending upon the company's evaluation of existing market conditions and other economic factors.

In addition to its long-term debt financing, the company has access to the short-term capital market utilizing its revolving bank credit agreements and commercial paper. The company has formal bank credit agreements which are discussed in greater detail in Note 8 to the Consolidated Financial Statements. During 1994, the company terminated its previous $800 million credit agreements and established new $1 billion credit agreements. The new credit agreements expire in January 2000. These agreements provide the company with immediate and continuing sources of liquidity. The company's credit rating is A1 and AA- as determined by Moody's Investor Services and Standard & Poor's, respectively.

The company's ratio of total debt to total capitalization was 47.1% and 47.3% at December 31, 1995 and 1994, respectively. The company's fixed charge coverage ratio was 7.6x for the year ended December 31, 1995 and 7.7x for the year ended December 31, 1994.

As more fully described in Note 11 to the Consolidated Financial Statements, the company added an employee stock ownership plan (ESOP) feature to its existing Deferred Income Stock Purchase and Savings Plans in 1989. At that time, the ESOP borrowed $500 million, guaranteed by the company, and used the proceeds to buy approximately 11.3 million shares of common stock from the company. The ESOP shares are being allocated to participants over 15 years as contributions are made to the plan. Through the various company stock ownership plans, employees of Anheuser-Busch control approximately 10% of the company's outstanding common stock.

A discussion of the company's risk management activities is included in Note 20 to the Consolidated Financial Statements.

Capital Expenditures

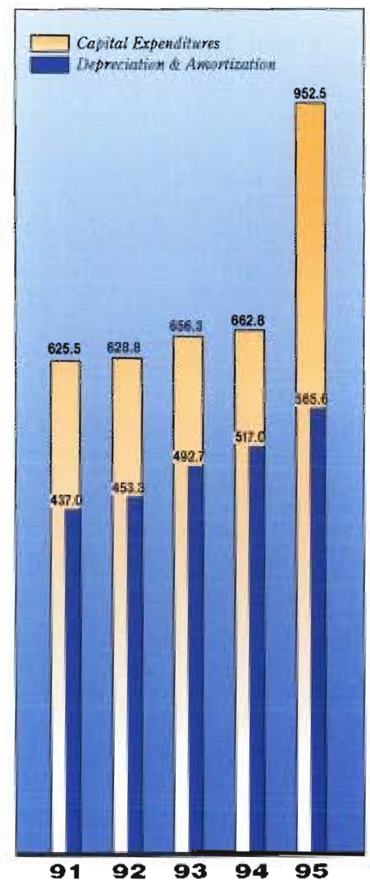
The company has a formal and intensive review procedure for the authorization of capital expenditures. The most important measure of acceptability of a capital project is its projected discounted cash flow return on investment (DCFROI). Capital expenditures in 1995 amounted to $952.5 million as compared with $662.8 million in 1994. During the past five years, capital expenditures totaled $3.5 billion.

Capital expenditures for 1995 for the company's beer and beer-related operations were $845.4 million. Major expenditures by Anheuser-Busch, Inc. included numerous modernization projects associated with the Profitability Enhancement Program which are designed to improve productivity at all breweries.

The remaining 1995 capital expenditures totaling $107.1 million were made by the company's entertainment operations. Major expenditures included new Busch Entertainment theme park attractions.

The company expects its capital expenditures in 1996 to approximate $1 billion. Capital expenditures during the five-year period 1996-2000 are expected to approximate $4 billion.

Capital Expenditures/ Depreciation & Amortization
(In millions of $)



Environmental Matters

The company is subject to federal, state and local environmental protection laws and regulations and is operating within such laws or is taking action aimed at assuring compliance with such laws and regulations. Compliance with these laws and regulations is not expected to materially affect the company's competitive position. None of the Environmental Protection Agency (EPA) designated clean-up sites for which Anheuser-Busch has been identified as a Potentially Responsible Party (PRP) are expected to have a material impact on the company's consolidated financial statements.

The company has traditionally had a strong commitment to environmental protection. This commitment is manifested through the Environmental Policy Committee, a committee of senior corporate executives which reports to the Board of Directors.

Under the direction of the Environmental Policy Committee, the company is implementing a corporate-wide environmental management system based on the Business Charter for Sustainable Development. This system is designed to help ensure compliance with applicable laws, and to simultaneously reduce costs.

The company's Environmental Policy, the foundation of the management system, integrates good business practices with sound environmental practices. The policy provides specific guidance for how the environment must be factored into business judgments and mandates special consideration of environmental issues, in conjunction with other business issues, when any of the company's facilities or business units plan capital projects or changes in processes. In addition, the company is piloting systems to ensure that its environmental compliance standards are met by outside contractors and suppliers.

Other Matters

As more fully described in Note 5 to the Consolidated Financial Statements, Anheuser-Busch entered into and announced several major acquisitions and business investments in 1995, 1994 and 1993. A summary of these acquisitions and business investments follows.

1995 Transactions

1. Alliance in Argentina with Compania Cervecerias Unidas S.A. (CCU) and Buenos Aires Embotelladora S.A. (BAESA). In connection with the alliance, CCU will locally brew Budweiser and BAESA will begin to distribute Budweiser in Argentina in late 1996. Anheuser-Busch will also purchase a small equity investment in CCU-Argentina.

2. Alliance in Brazil with Companhia Antarctica Paulista (Antarctica), one of that country's largest brewers. The company will purchase an initial 5% equity share in a new subsidiary which will consolidate Antarctica's holdings in affiliated companies. The company will have options to increase its share to approximately 30% in the future.

3. Investment in a joint venture with Scottish Courage Ltd., which consolidated the brewing and packaging of Budweiser in the Stag Brewery at Mortlake in London, England. Anheuser-Busch owns a 50% share in the joint venture.

4. Finalized the purchase of an 80% interest in a joint venture that owns the Zhongde Brewery located in the central region of the People's Republic of China. The brewery has been modified to brew Budweiser for distribution in China.

1994 Transaction

Purchase of a 25% equity interest in Redhook Ale Brewery, Inc. of Seattle, Wash. During 1995, in conjunction with Redhook's initial public offering, Anheuser-Busch invested an additional $12 million to maintain its 25% equity ownership level. The value of the company's investment at quoted market prices was $58.3 million at December 31, 1995 compared to its original acquisition cost of $30 million.

1993 Transaction

Purchase of a 17.7% interest in Grupo Modelo, Mexico's largest brewer, and its subsidiaries for $477 million. The agreement gives Anheuser-Busch options to increase its investment in Modelo to approximately 35% and to acquire an additional minority interest in Modelo's subsidiaries. Due to the nature of Anheuser-Busch's initial investment, the company is not required to adjust its Modelo investment to fair market value. In addition, the initial investment is configured such that the company's return is largely protected against devaluation of the Mexican peso. Therefore, the 1994 peso devaluation did not have a significant effect on 1995 or 1994 earnings.

Dividends

Cash dividends paid to common shareholders were $429.5 million in 1995 and $398.8 million in 1994. Dividends on common stock are paid in the months of March, June, September and December of each year.

In the second quarter of 1995, effective with the September dividend, the Board of Directors increased the quarterly dividend rate by 10% from $.40 to $.44 per share. This increased annual dividends per common share 10.5%, to $1.68, compared with $1.52 per common share in 1994. In 1994, dividends were $.36 per share for the first two quarters and $.40 per share for the last two quarters.

The company has paid dividends in each of the past 63 years. During that time, the company's stock has split on seven different occasions and stock dividends were paid three times.

At December 31, 1995, common stock shareholders of record numbered 64,118 compared with 66,001 at the end of 1994. Total shares outstanding were 254.0 million at December 31, 1995 compared to 257.3 million at December 31, 1994.

Price Range of Common Stock

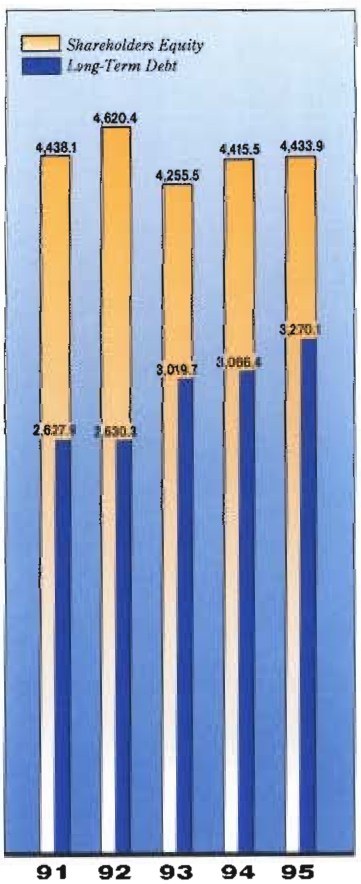
The company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BUD." The table below summarizes the high and low sales prices on the NYSE.

PRICE RANGE OF COMMON STOCK (BUD)

	1995		1994	
Quarter	***High***	***Low***	***High***	***Low***
First	*59-1/8*	*50-3/4*	53-5/8	47-1/8
Second	*59-7/8*	*55-1/4*	55-3/8	50-1/2
Third	*64-1/2*	*54-3/4*	54-3/4	49-1/4
Fourth	*68*	*62-1/8*	52-1/4	48-1/2

The closing price of the company's common stock at December 31, 1995 and 1994 was $66.875 and $50.875, respectively.

**Shareholders Equity/
Long-Term Debt**
(In millions of $)



Common Stock and Other Shareholders Equity

Shareholders equity was $4.43 billion at December 31, 1995, as compared with $4.42 billion at December 31, 1994. The slight increase in shareholders equity during the year is primarily related to net income (on an as-reported basis), offset by share repurchases and dividends. The book value of each share of common stock at December 31, 1995 was $14.44, as compared to $13.29 at December 31, 1994.

The Board of Directors has approved various resolutions in recent years authorizing the company to repurchase shares of its common stock for investment purposes and to meet the requirements of the company's various stock purchase and incentive plans. The most recent resolution, approved by the Board in March 1994, authorized the repurchase of 25 million shares. The company has acquired 6.8 million, 10.9 million and 12.6 million shares of common stock in 1995, 1994 and 1993 for $393.4 million, $563.0 million and $639.8 million, respectively. At December 31, 1995, approximately 12.3 million shares were available for repurchase under the March 1994 authorization.

Inflation

General inflation has not had a significant impact on the company over the past three years and is not expected to have a significant impact in the foreseeable future.

Consolidated Balance Sheet

Anheuser-Busch Companies, Inc., and Subsidiaries

December 31,	1995	1994
ASSETS (In millions)		
CURRENT ASSETS:		
Cash and marketable securities	$ 93.6	$ 144.0
Accounts and notes receivable, less allowance for doubtful accounts of $1.9 in 1995 and 1994	544.3	598.5
Inventories		
Raw materials and supplies	382.2	349.6
Work in process	58.6	84.2
Finished goods	141.9	97.0
Total inventories	582.7	530.8
Other current assets	290.0	272.8
Total current assets	1,510.6	1,546.1
INVESTMENTS AND OTHER ASSETS	1,553.3	1,509.4
INVESTMENT IN DISCONTINUED OPERATIONS	764.0	997.3
PLANT AND EQUIPMENT, NET	6,763.0	6,494.6
Total Assets	$10,590.9	$10,547.4

December 31,	1995	1994
LIABILITIES AND SHAREHOLDERS EQUITY (In millions)		
CURRENT LIABILITIES:		
Accounts payable	$ 682.8	$ 756.6
Accrued salaries, wages and benefits	247.0	238.9
Accrued taxes, other than income taxes	86.3	96.6
Restructuring accrual	—	50.2
Other current liabilities	225.9	346.8
Total current liabilities	1,242.0	1,489.1
POSTRETIREMENT BENEFITS	512.1	494.9
LONG-TERM DEBT	3,270.1	3,066.4
DEFERRED INCOME TAXES	1,132.8	1,081.5
COMMON STOCK AND OTHER SHAREHOLDERS EQUITY:		
Common stock, $1.00 par value, authorized 800,000,000 shares	347.3	343.8
Capital in excess of par value	1,012.2	856.8
Retained earnings	6,869.6	6,656.7
Foreign currency translation adjustment	(12.1)	(21.8)
	8,217.0	7,835.5
Treasury stock, at cost	(3,436.0)	(3,042.6)
ESOP debt guarantee offset	(347.1)	(377.4)
	4,433.9	4,415.5
COMMITMENTS AND CONTINGENCIES	—	—
Total Liabilities and Equity	$10,590.9	$10,547.4

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 52-67 of this report.

(In millions, except per share data)

Year Ended December 31,	**1995**	**1994**	**1993**
Sales	$12,004.5	$11,705.0	$11,147.3
Less federal and state excise taxes	1,664.0	1,679.7	1,679.8
Net sales	10,340.5	10,025.3	9,467.5
Cost of products and services	6,791.0	6,492.1	6,167.6
Gross profit	3,549.5	3,533.2	3,299.9
Marketing, distribution and administrative expenses	1,756.6	1,679.9	1,612.1
Shutdown of Tampa brewery	160.0	—	—
Restructuring charge	—	—	401.3
Operating income	1,632.9	1,853.3	1,286.5
Interest expense	(225.9)	(219.3)	(205.1)
Interest capitalized	24.3	21.8	35.2
Interest income	9.9	2.6	3.4
Other income, net	20.5	17.6	21.0
Income before income taxes	1,461.7	1,676.0	1,141.0
Provision for income taxes:			
Current	523.8	597.5	539.4
Deferred	51.3	64.0	(86.8)
Revaluation of deferred tax liability (FAS 109)	—	—	31.2
	575.1	661.5	483.8
Income from continuing operations	886.6	1,014.5	657.2
Income/(loss) from discontinued operations	(244.3)	17.6	(62.7)
NET INCOME	$ 642.3	$ 1,032.1	$ 594.5
PRIMARY EARNINGS PER SHARE:			
Continuing operations	$ 3.44	$ 3.84	$ 2.40
Discontinued operations	(.95)	.07	(.23)
Net income	$ 2.49	$ 3.91	$ 2.17
FULLY DILUTED EARNINGS PER SHARE:			
Continuing operations	$ 3.42	$ 3.81	$ 2.40
Discontinued operations	(.93)	.07	(.23)
Net income	$ 2.49	$ 3.88	$ 2.17

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 52-67 of this report.

Consolidated Statement of Changes in Shareholders Equity

Anheuser-Busch Companies, Inc., and Subsidiaries

SHAREHOLDERS EQUITY *(In millions, except per share data)*

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	ESOP Debt Guarantee Offset	Foreign Currency Translation Adjustment
BALANCE AT DECEMBER 31, 1992	$341.3	$ 762.9	$5,794.9	$(1,842.9)	$(434.4)	$ (1.4)
Net income			594.5			
Common dividends ($1.36 per share)			(370.0)			
Shares issued under stock plans	1.2	44.2	4.0			
Reduction of ESOP debt guarantee					27.9	
Treasury stock acquired net of treasury shares issued		1.6		(636.7)		
Foreign currency translation adjustment						(31.6)
BALANCE AT DECEMBER 31, 1993	342.5	808.7	6,023.4	(2,479.6)	(406.5)	(33.0)
Net income			1,032.1			
Common dividends ($1.52 per share)			(398.8)			
Shares issued under stock plans and conversion of convertible debentures	1.3	48.1				
Reduction of ESOP debt guarantee					29.1	
Treasury stock acquired				(563.0)		
Foreign currency translation adjustment						11.2
BALANCE AT DECEMBER 31, 1994	343.8	856.8	6,656.7	(3,042.6)	(377.4)	(21.8)
Net income			642.3			
Common dividends ($1.68 per share)			(429.5)			
Shares issued under stock plans and conversion of convertible debentures	3.5	155.4	.1			
Reduction of ESOP debt guarantee					30.3	
Treasury stock acquired				(393.4)		
Foreign currency translation adjustment						9.7
BALANCE AT DECEMBER 31, 1995	$347.3	$1,012.2	$6,869.6	$(3,436.0)	$(347.1)	$(12.1)

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 52-67 of this report.

(In millions)

Year Ended December 31,	1995	1994	1993
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 642.3	$1,032.1	$ 594.5
Discontinued operations	244.3	(17.6)	62.7
Income from continuing operations	886.6	1,014.5	657.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	565.6	517.0	492.7
(Decrease)/increase in deferred income taxes	51.3	68.5	(52.4)
Shutdown of Tampa brewery	112.3	—	—
Restructuring charge ($401.3 million less cash payments of $50.4 million)	—	—	350.9
Decrease/(increase) in noncash working capital	(262.0)	(57.0)	61.9
Other, net	72.1	120.0	74.8
Cash provided by continuing operations	1,425.9	1,663.0	1,585.1
Net cash (provided to)/provided by discontinued operations	(11.0)	(93.5)	44.1
Total cash provided by operating activities	1,414.9	1,569.5	1,629.2
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(952.5)	(662.8)	(656.3)
New business acquisitions	(82.9)	(28.8)	(523.9)
Cash (used for) investing activities	(1,035.4)	(691.6)	(1,180.2)
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in long-term debt	597.6	182.2	689.2
Decrease in long-term debt	(363.6)	(106.4)	(267.5)
Dividends paid to shareholders	(429.5)	(398.8)	(370.0)
Acquisition of treasury stock	(393.4)	(563.0)	(639.8)
Shares issued under stock plans and conversion of convertible debentures	159.0	49.4	49.4
Cash (used for) financing activities	(429.9)	(836.6)	(538.7)
Net increase/(decrease) in cash and marketable securities during the year	(50.4)	41.3	(89.7)
Cash and marketable securities at beginning of year	144.0	102.7	192.4
Cash and marketable securities at end of year	$ 93.6	$ 144.0	$ 102.7

The accompanying statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing on pages 52-67 of this report.

All of the following Notes, except Note 2, reflect data on a continuing operations basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

This summary of the significant accounting principles and policies of Anheuser-Busch Companies, Inc. and its subsidiaries is presented to assist in evaluating the company's financial statements included in this report. These principles and policies conform to generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which impact the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Principles of Consolidation

The Consolidated Financial Statements include the company and all its subsidiaries. All significant intercompany transactions have been eliminated.

Foreign Currency Translation

Adjustments resulting from foreign currency transactions are recognized in income. Adjustments resulting from the translation of financial statements are reflected as a separate component of shareholders equity.

Excess of Cost Over Net Assets of Acquired Businesses (Goodwill)

The excess of the cost over the net assets of acquired businesses, which is included in Investments and Other Assets on the Consolidated Balance Sheet, is amortized on a straight-line basis over a period of 40 years. Accumulated amortization at December 31, 1995 and 1994 was $79.7 million and $66.8 million, respectively.

Inventories and Production Costs

Inventories are valued at the lower of cost or market. Cost is determined under the last-in, first-out method (LIFO) for substantially all inventories.

Plant and Equipment

Plant and equipment is carried at cost and includes expenditures for new facilities and expenditures which substantially increase the useful lives of existing facilities. Maintenance, repairs and minor renewals are expensed as incurred. When plant and equipment are retired or otherwise disposed, the related cost and accumulated depreciation are eliminated and any gain or loss on disposition is reflected in income or expense.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets, resulting in depreciation rates on buildings ranging from 2% to 10% and on machinery and equipment ranging from 4% to 25%.

Capitalization of Interest

Interest relating to the cost of acquiring certain fixed assets is capitalized. The capitalized interest is included as part of the cost of the related asset and is amortized over its estimated useful life.

Income Taxes

The provision for income taxes is based on the income and expense amounts as reported in the Consolidated Statement of Income. The company has elected to utilize certain provisions of federal income tax laws and regulations to reduce current taxes payable. Deferred income taxes are recognized for the effect of temporary differences between financial and tax reporting in accordance with the requirements of Statement of Financial Accounting Standards No. 109.

Financial Instruments with Off-Balance-Sheet Risk and Concentration of Credit Risk

The company is party to certain financial instruments with off-balance-sheet risk incurred in the normal course of business. These financial instruments include financial guarantees, forward and purchased option contracts designated as hedges, and interest rate swaps. The company's exposure

to credit loss in the event of nonperformance by the counterparty to these financial instruments (either individually or in the aggregate) is not material.

The company does not have a material concentration of accounts receivable or credit risk.

Derivative financial instruments, which are used by the company in the management of interest rate, commodity and foreign currency risk exposures, are accounted for on an accrual basis. Income and expense are recognized in the same category as that for the related asset or liability. For example, the amount to be paid or received under the interest rate swap agreement is recognized as interest expense in the period in which it accrues.

Derivative financial instruments are used solely to manage existing risks and exposures. Forward, purchased option and swap contracts are either standard over-the-counter and futures exchange instruments which are highly liquid, or are counterpartied with highly rated financial institutions. No credit loss is anticipated as the counterparties to these agreements are major financial institutions which have a long-term debt rating from Standard and Poor's or Moody's that is no lower than A+ or A1, respectively.

The fair value of derivative financial instruments is monitored based on the estimated amounts the company would receive or pay to terminate the contracts.

Fair Value of Financial Instruments

Long-term debt is the only significant financial instrument of the company with a fair value different than its recorded value. As of December 31, 1995, the fair value of long-term debt was $3.6 billion, compared to its recorded value of $3.3 billion. The fair value of long-term debt was estimated based on the quoted market values for the same or similar debt issues, or rates currently available for debt with similar terms.

Research and Development, Advertising, Promotional Costs and Initial Plant Costs

Research and development, advertising, promotional costs and initial plant costs are expensed in the year in which these costs are incurred. Advertising expenses were $683.0 million, $672.6 million and $661.6 million in 1995, 1994 and 1993, respectively.

Earnings Per Share

Earnings per share are based on the weighted average number of shares of common stock and common stock equivalents outstanding during the respective years as shown below (in millions):

	1995	1994	1993
Primary weighted average shares	257.9	264.1	274.3
Fully diluted weighted average shares	262.2	269.0	279.3

Fully diluted earnings per share of common stock assume the conversion of the company's 8% convertible debentures and the elimination of the related after-tax interest expense.

Impairment of Long-Lived Assets, Identifiable Intangibles and Goodwill

The company reviews long-lived assets, identifiable intangibles and goodwill for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. The company performs nondiscounted cash flow analyses to determine if an impairment exists. Impairment losses on assets to be held (if any) are determined based on the present value of cash flows using discount rates which reflect the inherent risk of the underlying business. Impairment losses on assets to be disposed are based on the estimated proceeds to be received less costs of disposal.

Systems Development Costs

The company defers systems development costs which meet established criteria. Amounts deferred are amortized to expense over a five-year period. Deferred systems development costs were $43.7 million, $31.9 million and $13.2 million in 1995, 1994 and 1993, respectively.

Postemployment Benefits

The estimated cost of postemployment benefits provided by the company to former or inactive employees is accounted for on the accrual basis in accordance with the requirements of Statement of Financial Accounting Standards No. 112.

Stock-Based Compensation

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Stock Based Compensation" (FAS 123). The standard (which is effective in calendar 1996) defines a fair-value-based method of accounting for employee stock options. The company currently accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123 permits a choice between accounting methods and the company intends to continue using its current methodology. Accordingly, the new standard will have no impact on the company, other than to require additional disclosures in 1996.

Investments in Debt and Equity Securities

The company has certain investments in debt and equity securities. These investments are classified as held-to-maturity as required by Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Unrealized gains or losses were not material for 1995 or 1994.

2. DIVESTITURE OF FOOD PRODUCTS SEGMENT

In the fourth quarter 1995, the Board of Directors approved management's plan to divest the company's food products segment, which includes Campbell Taggart, Inc. and Eagle Snacks, Inc.

Campbell Taggart, Inc. will be divested in a tax-free 100% spin-off to shareholders, with an estimated record date in the first quarter of 1996. In February 1996, the company reached an agreement to sell most of its Eagle Snacks production facilities. The sale is subject to approval by appropriate regulatory agencies. The food products segment is accounted for as a discontinued operation, and accordingly, amounts in the Consolidated Financial Statements and related Notes for all periods shown have been restated to reflect discontinued operations accounting.

The net assets of the food products segment at December 31, 1995 and 1994 are reflected as Investment in Discontinued Operations in the Consolidated Balance Sheet. The net assets of the food products segment at December 31, 1995 and 1994 are comprised of the following (in millions):

	1995	1994
Current Assets	$292.7	$315.4
Property, plant and equipment, net	756.3	922.3
Other assets	264.6	257.7
Current Liabilities	(253.2)	(180.0)
Deferred Income Taxes	(166.6)	(176.7)
Other noncurrent liabilities	(129.8)	(141.4)
Net Assets	$764.0	$997.3

Sales, income/(loss) before income taxes, and related income tax provision/(benefit) of the food products segment (discontinued operations) were as follows:

	Year Ended December 31,		
	1995	1994	1993
Sales	$1,985.0	$2,028.5	$2,037.9
Pretax income/(loss)	$ (29.2)	$ 31.1	$ (90.6)
Tax expense/(benefit)	(10.4)	13.5	(29.7)
Revaluation of deferred tax liability (FAS 109)	—	—	1.8
Net income/(loss)	$ (18.8)	$ 17.6	$ (62.7)
Loss on divestiture:			
Loss on divestiture	$ (318.0)	$ —	$ —
Direct costs of disposal	(5.0)	—	—
Estimated operating losses during phase-out period	(12.0)	—	—
	(335.0)	—	—
Income tax (benefit)	(109.5)	—	—
Loss on divestiture of the food products segment	$ (225.5)	$ —	$ —
Total income/(loss) from discontinued operations	$ (244.3)	$ 17.6	$ (62.7)

3. CLOSURE OF THE TAMPA BREWERY

During the fourth quarter 1995, the company closed its brewery located in Tampa, Fla., resulting in a nonrecurring, pretax charge of $160 million ($.38 per share). The charge is comprised of the write-down of the carrying value of plant assets of $113.7 million, employee severance costs of $19.4 million and other disposal costs of $26.9 million. In conjunction with the closure, the company terminated approximately 400 employees under an enhanced severance plan. The majority of the Tampa brewery's plant equipment and facilities will be either sold or disposed during the first half of 1996.

4. SALE OF THE CARDINALS

In December 1995, the company signed a contract to sell its Major League Baseball team, the St. Louis Cardinals. The sale will include Busch Memorial Stadium, nearby parking garages and other properties in downtown St. Louis owned by the company's Civic Center Corporation subsidiary. The sale price will approximate $150 million, resulting in an estimated pretax gain on disposition of approximately $50 million. The transaction is subject to Major League Baseball approval. The sale will close in early 1996 and the gain will be recognized in the company's 1996 financial statements.

5. ACQUISITIONS AND BUSINESS INVESTMENTS

In December 1995, the company announced an alliance with Compania Cervecerias Unidas S.A. (CCU) and Buenos Aires Embotelladora S.A. (BAESA). The agreement calls for CCU-Argentina, CCU's wholly owned subsidiary in Argentina, to begin brewing Budweiser at its brewery in Sante Fe, Argentina in late 1996. The company will purchase a small initial equity investment in CCU-Argentina and will have the option to increase its investment to approximately 20% beginning on October 1, 1998.

In April 1995, the company entered into a joint venture with Scottish Courage Ltd. which consolidated the brewing and packaging of Budweiser in the Stag Brewery at Mortlake in London, England.

Anheuser-Busch has a 50% share of the joint venture. Scottish Courage is leasing the Stag Brewery site to the joint venture. The investment is accounted for under the equity method.

In February 1995, the company finalized the purchase of a controlling interest in the Zhongde Brewery located in the central region of the People's Republic of China, the world's second-largest beer market. The company purchased an 80% interest in a joint venture that owns the brewery for $52.4 million. The remaining 20% of the joint venture is owned by the original joint venture partners. However, certain minority shareholders may put their investment to Anheuser-Busch in accordance with contract terms. The brewery has been modified to brew Budweiser for distribution in China. The investment is accounted for on a consolidated basis.

In February 1995, the company announced an alliance with Companhia Antarctica Paulista (Antarctica), one of Brazil's largest brewers. Under terms of the agreement, the company will invest $52.5 million to purchase an initial 5% equity share in a new Antarctica subsidiary that will consolidate Antarctica's holdings in affiliated companies. The company will have options to increase its investment to approximately 30% in the future. Closing is scheduled for early in the second quarter 1996.

In the fourth quarter 1994, the company purchased for $18 million a 25% equity interest in Redhook Ale Brewery, Inc. (Redhook) of Seattle, Wash. In conjunction with Redhook's initial public offering of shares in August 1995, the company invested an additional $12 million to maintain its 25% equity investment. Under a distribution alliance agreement, Redhook products are distributed exclusively through Anheuser-Busch wholesalers in substantially all major United States markets. The value of the company's investment at market prices was $58.3 million at December 31, 1995 compared to its original acquisition cost of $30 million. The company is accounting for the investment under the equity method.

In June 1993, the company purchased a 17.7% interest in Grupo Modelo, Mexico's largest brewer, and its subsidiaries for $477 million. The company is accounting for its investment in Modelo under the cost method. The agreement gives Anheuser-Busch options to increase its investment to a minority position in Modelo of approximately 35% and to acquire an additional minority interest in Modelo's subsidiaries. These options may be exercised between mid-1995 and the end of 1997. The company has not made a decision as to when, or if, to exercise the options. Under certain circumstances involving the nonexercise of such options by Anheuser-Busch, at either party's election, Modelo may repurchase approximately half of Anheuser-Busch's investment at cost and repurchase the remainder at prevailing market rates.

In July 1993, the company purchased a 5% interest in China's largest brewer, Tsingtao Brewery Co. Ltd. (Tsingtao), for $16.4 million. The purchase occurred in conjunction with Tsingtao's initial public offering of shares on the Stock Exchange of Hong Kong. This public offering represented approximately 35% of Tsingtao, including the 5% purchased by Anheuser-Busch. The value of the company's investment at quoted market prices was $10.5 million at December 31, 1995.

6. PROFITABILITY ENHANCEMENT PROGRAM

In September 1993, the company announced a Profitability Enhancement Program to improve sales and profitability. The Program, which involved significant organizational and operational changes, included the following elements:

- An enhanced retirement program for salaried employees ($92.4 million);
- The write-down of underperforming facilities in the entertainment segment ($114.3 million); and
- Restructuring and reorganization of the company ($194.6 million).

As a result of the Program, the company recognized a $401.3 million restructuring charge in 1993.

The Program included a 10% reduction in the salaried workforce, achieved through an enhanced retirement program. The enhanced retirement program offered salaried employees age 53 or older certain incentives and the opportunity to retire effective December 31, 1993. Incentives included pension credits for an additional five years of service and five years of age. Total cost of the enhanced retirement program was $92.4 million and is discussed in more detail in Note 12.

As part of the Program, the company restructured and reorganized certain operations at a cost of $194.6 million. The restructuring and reorganization primarily included the rationalization of brewing operations based on the successful practices employed at the company's newer breweries.

The reconciliation of restructuring accrual activity for 1995 and 1994 is as follows (in millions):

	1995	1994
Beginning balance, January 1	$50.2	$137.6
Asset write-offs associated with the beer and beer-related segment	(23.7)	(66.0)
Cash payments associated with the enhanced retirement program	—	(8.0)
Cash payments for systems development and training costs associated with the enhanced retirement program	(25.0)	(5.3)
Other miscellaneous items, net	(1.5)	(8.1)
Ending balance, December 31	$ —	$ 50.2

7. INVENTORY VALUATION

Approximately 76.0% and 78.7% of total inventories at December 31, 1995 and 1994, respectively, are stated on the last-in, first-out (LIFO) inventory valuation method. Had the average-cost method (which approximates replacement cost) been used with respect to such inventories at December 31, 1995 and 1994, total inventories would have been $101.5 million and $99.7 million higher, respectively.

8. CREDIT AGREEMENTS

The company's committed revolving credit agreements totaling $800 million were terminated in December 1994. The company's new committed revolving credit agreements, effective in December 1994 and totaling $1 billion, expire in January 2000. The agreements provide that under certain circumstances the company may select among various loan arrangements with differing maturities and among a variety of interest rates, including a negotiated rate. At December 31, 1995 and 1994 the company had no outstanding borrowings under these agreements. Fees under these agreements were $.8 million, $.8 million and $.9 million in 1995, 1994 and 1993, respectively.

9. LONG-TERM DEBT

Long-term debt at December 31 consisted of the following (in millions):

	1995	1994
Commercial paper (interest rates from 3.2% to 6.2%)	$ 572.5	$ 749.3
Medium-term Notes Due 1995 to 2001 (interest rates from 4.6% to 9.0%)	108.0	225.0
8.75% Notes Due July 15, 1995	—	100.0
8% Convertible Debentures Due 1996	166.0	233.2
8.75% Notes Due 1999	250.0	250.0
6.9% Notes Due 2002	200.0	200.0
6.75% Notes Due 2005	200.0	—
7% Notes Due 2005	100.0	—
9% Debentures Due 2009	350.0	350.0
7.25% Debentures Due 2015	150.0	—
7.375% Debentures Due 2023	200.0	200.0
7% Debentures Due 2025	200.0	—
ESOP Debt Guarantee	347.1	377.4
Sinking Fund Debentures	261.9	263.7
Industrial Revenue Bonds	136.7	112.3
Other Long-term Debt	27.9	5.5
	$3,270.1	$3,066.4

The company's sinking fund debentures at December 31 are as follows (in millions):

	1995	1994
8-5/8% Debentures maturing 1997 to 2016	$150.0	$150.0
8-1/2% Debentures maturing 1998 to 2017	150.0	150.0
10% Debentures maturing 1999 to 2018	68.0	68.0
Less: Debentures held in treasury	(106.1)	(104.3)
	$261.9	$263.7

The company utilizes SEC shelf registration statements to provide financing flexibility. At December 31, 1995, a total of $300 million was available for debt issuance under shelf registration statements.

In 1989, the company registered with the SEC $300 million of convertible debentures, $241.7 million of which were issued to Qualified Holders. The debentures may only be held by a qualified, independently owned beer wholesaler (and certain related parties) and may be converted into a 5% convertible preferred stock, par value $1.00, at a conversion price of $47.60 per share. Each share of the convertible preferred stock may be converted into one share of the company's common stock. The convertible debentures and convertible preferred stock are subject to mandatory redemption at the end of seven years, optional redemption/repurchase at the company's or holder's discretion after three years, and special redemption/repurchase based upon the occurrence of certain events with respect to particular holders. In 1995 and 1994, 1.4 million and .1 million common shares were issued in conjunction with debt conversions, respectively. These debentures are classified as long-term at December 31, 1995, as conversion to common shares is expected in 1996.

Gains/losses on debt redemptions (either individually or in the aggregate) were not material to the company's Consolidated Financial Statements.

At December 31, 1995 and 1994, there were $572.5 million and $749.3 million, respectively, of outstanding commercial paper borrowings classified as long-term debt. The commercial paper is intended to be maintained on a long-term basis with ongoing credit provided by the company's revolving credit agreements.

During 1992, the company entered into a financial fixed-rate swap agreement on a notional amount of $200 million. The company is obligated to pay a fixed rate of 6.54% per year for the four-year period beginning January 1, 1994. In return, the company will receive a floating interest rate based on commercial paper rates. The swap agreement did not have a material impact on the company's weighted-average interest rate.

The company utilizes interest rate swaps solely as a risk management tool with an objective of managing the level of interest rate risk and the mix of fixed and floating rate debt.

The aggregate maturities on all long-term debt are $167 million, $33 million, $26 million, $265 million and $53 million, respectively, for each of the years ending December 31, 1996 through 2000. These aggregate maturities do not include the future maturities of the ESOP debt guarantee or commercial paper.

10. STOCK OPTION PLANS

The company had an Incentive Stock Option/Non-Qualified Stock Option Plan and a Non-Qualified Stock Option Plan for certain qualified employees which expired on December 21, 1991. Under the terms of the plans, options were granted at not less than the fair market value of the shares at the date of grant. The Non-Qualified Stock Option Plan provided that optionees could be granted Stock Appreciation Rights (SARs) in tandem with stock options. The exercise of a SAR cancels the related option and the exercise of an option cancels the related SAR. At December 31, 1995 and 1994, a total of 1,319,202 and 2,172,691 shares, respectively, were reserved for possible future issuance under these plans.

In April 1990, the shareholders approved an Incentive Stock Plan for certain qualified employees. The plan (as amended) provides for the grant of options and SARs. Under the terms of the plan, options may be granted at not less than the fair market value of the shares at the date of grant. At December 31, 1995 and 1994, a total of 16,724,999 and 18,362,145 shares, respectively, were reserved for future issuance under this plan.

Presented below is a summary of activity for the plans for the years ended December 31:

	1995	1994	1993
Options outstanding at beginning of the year	*12,219,332*	11,361,418	10,887,085
Options granted during the year	*2,843,107*	2,341,472	2,023,400
Options and SARs exercised during the year	*(2,484,816)*	(1,239,763)	(1,399,573)
Options cancelled during the year	*(147,484)*	(243,795)	(149,494)
Options outstanding at end of the year	*12,430,139*	12,219,332	11,361,418
Options exercisable at end of the year	*7,498,101*	7,998,659	8,009,951
Option price range per share	*$26.25-$65.75*	$20.84-$58.56	$12.28-$58.56

The plans provide for acceleration of exercisability of the options upon the occurrence of certain events relating to a change of control, merger, sale of assets or liquidation of the company (Acceleration Events). The Non-Qualified Plan and the Incentive Stock Plan also provide that optionees may be granted Limited Stock Appreciation Rights (LSARs). LSARs become exercisable, in lieu of the option or SAR, upon the occurrence, six months following the date of grant, of an Acceleration Event. These LSARs entitle the holder to a cash payment per share equivalent to the excess of the share value (under terms of the LSAR) over the grant price. As of December 31, 1995 and 1994, there were 843,820 and 1,371,413, respectively, of LSARs outstanding.

11. EMPLOYEE STOCK OWNERSHIP PLAN

In 1989, the company added an Employee Stock Ownership Plan (ESOP) to its existing Deferred Income Stock Purchase and Savings Plans. Substantially all regular salaried and hourly employees are eligible for participation in the ESOP. The ESOP borrowed $500 million for a term of 15 years at an interest rate of 8.3% and used the proceeds to buy approximately 11.3 million shares of common stock from the company. The ESOP debt is guaranteed by the company, and ESOP shares are being allocated to participants over 15 years as contributions are made to the plans.

ESOP cash contributions and ESOP expense accrued during the calendar year are determined by several factors including the market price and number of shares allocated to participants, ESOP debt service, dividends on unallocated shares and the company's matching contribution. Over the 15-year life of the ESOP, total expense will equal the total cash contributions made by the company.

ESOP cash contributions are made in March and September, based on the plan year which ends March 31. A summary of ESOP cash contributions and dividends on unallocated ESOP shares for the three years ended December 31 is presented below (in millions):

	1995	1994	1993
Cash contributions	*$45.8*	$41.8	$39.4
Dividends	*$10.8*	$10.9	$10.6

Total ESOP expense is allocated to operating expense and interest expense based upon the ratio of principal and interest payments on the debt. ESOP expense for the three years ended December 31 is presented below (in millions):

	1995	1994	1993
Operating expense	*$19.6*	$23.3	$18.6
Interest expense	*18.0*	24.0	21.8
Total expense	*$37.6*	$47.3	$40.4

12. RETIREMENT BENEFITS

As discussed in Note 6, in September 1993 the company announced a Profitability Enhancement Program that included an enhanced retirement program. Total costs related to the enhanced retirement program were $92.4 million. Included in this cost was $39.3 million in special pension benefits, offset by $15.3 million in curtailment gains (for a net cost of $24.0 million). Additionally, a $15.4 million charge for postretirement benefits other than pensions is included in the total cost. The remaining portion of the cost relates to severance benefits and other expenses of implementing the plan.

Pension Plans

The company has pension plans covering substantially all of its regular employees. Total pension expense for the three years ended December 31 is presented below (in millions):

	1995	1994	1993
Single-employer defined benefit plans	*$29.6*	$27.1	$ 7.1
Multi-employer plans	*26.1*	25.5	24.3
Defined contribution plans	*15.0*	15.1	13.2
	$70.7	$67.7	$44.6

Net pension expense for single-employer defined benefit plans was comprised of the following for the three years ended December 31 (in millions):

	1995	1994	1993
Service cost (benefits earned during the year)	*$41.0*	$42.3	$41.5
Interest cost on projected benefit obligation	*64.4*	60.2	56.8
Assumed return on assets	*(80.6)*	(68.9)	(82.4)
Amortization of prior service cost, actuarial gains/losses and the excess of market value of plan assets over projected benefit obligation at January 1, 1986	*4.8*	(6.5)	(8.8)
Net pension expense	*$29.6*	$27.1	$ 7.1

The key actuarial assumptions used in determining pension expense for single-employer defined benefit plans were as follows for the years ended December 31:

	1995	1994	1993
Discount rate	*8.0%*	7.5%	9.0%
Long-term rate of return on plan assets	*10.0%*	10.0%	10.0%
Weighted-average rate of compensation increase	*5.5%*	5.5%	6.5%

The actual return on pension assets was $140.9 million, $12.5 million and $96.2 million in 1995, 1994 and 1993, respectively.

The following tables set forth the funded status of all company single-employer defined benefit plans at December 31 (in millions):

	1995	1994
Plan assets at fair market value—primarily corporate equity securities and publicly traded bonds	*$935.8*	$791.2
Accumulated benefit obligation:		
Vested benefits	*(724.5)*	(625.3)
Nonvested benefits	*(61.7)*	(60.3)
Accumulated benefit obligation	*(786.2)*	(685.6)
Effect of projected compensation increases	*(138.6)*	(122.2)
Projected benefit obligation	*(924.8)*	(807.8)
Plan assets in excess of/(less than) projected benefit obligation	*$ 11.0*	$ (16.6)

Plan assets in excess of/(less than) projected benefit obligation consist of the following at December 31:

	1995	1994
Unamortized excess of market value of plan assets over projected benefit obligation at January 1, 1986 being amortized over 15 years	$33.6	$ 40.2
Unrecognized net actuarial (losses)	(21.9)	(89.5)
Prior service costs	(81.4)	(60.5)
Prepaid pension	80.7	93.2
	$11.0	$(16.6)

The assumptions used in determining the funded status of these plans as of December 31 were as follows:

	1995	1994
Discount rate	7.5%	8.0%
Weighted-average rate of compensation increase	5.5%	5.5%

Contributions to multi-employer plans in which the company and its subsidiaries participate are determined in accordance with the provisions of negotiated labor contracts and are based on employee hours worked.

Postretirement Benefits

The company provides certain health care and life insurance benefits to eligible retired employees. Salaried participants generally become eligible for retiree health care benefits after reaching age 55 with 10 years of service or after reaching age 65. Bargaining unit employees generally become eligible for retiree health care benefits after reaching age 55 with 10-15 years of service or after reaching age 65.

The following table sets forth the accumulated postretirement benefit obligation (APBO) and the total postretirement benefit liability for all single-employer defined benefit plans at December 31 (in millions):

	1995	1994
Retirees	$141.1	$134.1
Fully eligible active plan participants	135.1	127.4
Other active plan participants	74.0	73.0
Accumulated postretirement benefit obligation (APBO)	350.2	334.5
Unrecognized prior service benefits	125.5	138.1
Unrecognized net actuarial gains	51.8	33.6
Total postretirement benefit liability	$527.5	$506.2

As of December 31, 1995 and 1994, $15.4 million and $11.3 million of this obligation was classified as a current liability and $512.1 million and $494.9 million was classified as a long-term liability, respectively.

Net periodic postretirement benefits expense for single employer defined benefit plans for 1995, 1994 and 1993 was comprised of the following (in millions):

	1995	1994	1993
Service cost (benefits attributed to service during the year)	$20.8	$16.4	$18.1
Interest cost on accumulated postretirement benefit obligation	23.9	25.8	33.8
Amortization of prior service (benefit)	(11.8)	(11.5)	(4.1)
Amortization of actuarial (gain)/loss	—	.3	(.1)
Net periodic postretirement benefits expense	$32.9	$31.0	$47.7

In measuring the APBO, a 12.5% annual trend rate for health care costs was assumed for 1995, 1994 and 1993. This rate is assumed to decline ratably over the next 12 years to 6.5% and remain at that level thereafter. The weighted average discount rate used in determining the APBO was 8.0% and 8.5%, respectively, at December 31, 1995 and 1994.

If the assumed health care cost trend rate changed by 1%, the APBO as of December 31, 1995 would change by 12.7%. The effect of a 1% change in the cost trend rate on the service and interest cost components of net periodic postretirement benefits expense would be a change of 14.4%.

13. INCOME TAXES

The provision for income taxes consists of the following, for the three years ended December 31 (in millions):

	1995	1994	1993
Current Tax Provision:			
Federal	$435.4	$480.2	$459.5
State and foreign	106.4	108.4	102.9
	541.8	588.6	562.4
Deferred Tax Provision:			
Federal	(76.6)	74.1	(126.2)
State and foreign	(10.0)	12.3	(13.3)
	(86.6)	86.4	(139.5)
	$455.2	$675.0	$422.9

The provision for income taxes included in the Consolidated Statement of Income is as follows (in millions):

	1995	1994	1993
Continuing operations	$575.1	$661.5	$452.6
Discontinued operations	(119.9)	13.5	(29.7)
	$455.2	$675.0	$422.9

The deferred tax provision results from differences in the recognition of income and expense for tax and financial reporting purposes. The primary differences for continuing operations are related to fixed assets (tax effect of $45.4 million in 1995, $63.3 million in 1994 and $23.7 million in 1993), Tampa brewery closure benefit ($52.2 million) in 1995 and the restructuring charge benefit ($131.3 million) in 1993.

At December 31, 1995 the company had deferred tax liabilities of $1,641.8 million and deferred tax assets of $509.0 million. The principal temporary differences included in deferred tax liabilities are related to fixed assets ($1,424.9 million). The principal temporary differences included in deferred tax assets are related to accrued postretirement benefits ($193.5 million), closure of the Tampa brewery ($52.2 million) and other accruals and temporary differences ($263.3 million) which are not deductible for tax purposes until paid or utilized.

On August 10, 1993, the Revenue Reconciliation Act of 1993 was signed into law. As a result, the federal statutory income tax rate was retroactively increased, effective January 1, 1993, by 1% to 35%. This resulted in a $31.2 million nonrecurring, after-tax, noncash charge related to revaluation of the deferred tax liability in accordance with FAS 109.

The company's effective tax rate from continuing operations was 39.3% in 1995, 39.5% in 1994 and 42.4% in 1993.

A reconciliation between the statutory tax rate and the effective tax rate is presented below:

	1995	1994	1993
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	4.0	4.0	4.9
Revaluation of deferred tax liability	—	—	2.4
Other	.3	.5	.1
Effective tax rate	39.3%	39.5%	42.4%

14. CASH FLOWS

For purposes of the Statement of Cash Flows, all short-term investments with maturities of 90 days or less are considered cash equivalents. Such amounts include marketable securities of $4.8 million in 1994. The effect of foreign currency exchange rate fluctuations was not material for 1995, 1994 and 1993. Accounts payable include $86.9 million and $77.4 million, respectively, of outstanding checks at December 31, 1995 and 1994.

Supplemental information with respect to the Statement of Cash Flows is presented below (in millions):

	1995	1994	1993
Interest paid, net of interest capitalized	$ 198.0	$ 200.8	$ 167.5
Income taxes paid	546.6	575.8	483.3
Excise taxes paid	1,680.6	1,692.0	1,673.4
Changes in Noncash Working Capital			
Decrease/(increase) in noncash current assets:			
Accounts receivable	$ 54.2	$ (47.2)	$ (92.0)
Inventories	(51.9)	5.0	27.6
Other current assets	(17.2)	1.7	(12.1)
Increase/(decrease) in current liabilities:			
Accounts payable	(73.8)	54.2	69.7
Accrued salaries, wages and benefits	8.1	44.3	(11.9)
Accrued taxes, other than income taxes	(10.3)	(14.6)	4.8
Restructuring accrual	(50.2)	(87.3)	—
Other current liabilities	(120.9)	(13.1)	75.8
Decrease/(increase) in noncash working capital	$ (262.0)	$ (57.0)	$ 61.9

15. PREFERRED AND COMMON STOCK

Stock Activity

Activity in the company's stock categories for the three years ended December 31 is summarized below:

	Common Stock Issued	Common Stock in Treasury
Balance, December 31, 1992	341,400,328	(62,998,052)
Shares issued under stock plans	1,180,011	—
Conversions of convertible debentures	2,100	—
Treasury stock acquired	—	(12,643,125)
Treasury stock issued	—	95,413
Balance, December 31, 1993	342,582,439	(75,545,764)
Shares issued under stock plans	1,133,163	—
Conversions of convertible debentures	81,927	—
Treasury stock acquired	—	(10,961,408)
Balance, December 31, 1994	343,797,529	(86,507,172)
Shares issued under stock plans	2,061,535	—
Conversions of convertible debentures	1,406,060	—
Treasury stock acquired	—	(6,781,490)
Balance, December 31, 1995	347,265,124	(93,288,662)

At December 31, 1995 and 1994, 40,000,000 shares of $1.00 par value preferred stock were authorized and unissued.

Stock Repurchase Programs

The Board of Directors has approved various resolutions authorizing the company to purchase shares of its common stock for investment purposes and to meet the requirements of the company's various stock purchase and incentive plans. The most recent resolution was approved by the Board in March 1994, authorizing the repurchase of 25 million shares. The company has acquired 6.8 million, 10.9 million and 12.6 million shares of common stock in 1995, 1994 and 1993 for $393.4 million, $563.0 million and $639.8 million, respectively. At December 31, 1995, approximately 12.3 million shares were available for repurchase under the 1994 authorization.

Stockholder Rights Plan

The Board of Directors adopted a Stockholder Rights Plan in 1985 (extended in 1994) which in certain circumstances would permit shareholders to purchase common stock at prices which would be substantially below market value.

16. COMMITMENTS AND CONTINGENCIES

In connection with plant expansion and improvement programs, the company had commitments for capital expenditures of approximately $369.8 million at December 31, 1995.

Obligations under capital and operating leases are not material.

The company and certain of its subsidiaries are involved in certain claims and legal proceedings in which monetary damages and other relief are sought. The company is vigorously contesting these claims. However, resolution of these claims is not expected to occur quickly, and their ultimate outcome cannot presently be predicted. It is the opinion of management that the ultimate resolution of all existing claims, legal proceedings and other contingencies, either individually or in the aggregate, will not materially affect either the company's financial position, liquidity or results of operations.

17. BUSINESS SEGMENTS

The company's principal business segments are beer and beer-related and entertainment. The beer and beer-related segment produces and sells the company's beer products. Included in this segment are the company's raw material acquisition, malting, can manufacturing, recycling, communications and transportation operations.

The entertainment segment consists of the company's Sea World, Busch Gardens and other theme parks, baseball, stadium and real estate development operations.

Sales between segments, export sales and non-United States sales are not material. The company's equity in earnings of affiliated companies is included in other income and expense. No single customer accounted for more than 10% of sales.

Summarized below is the company's business segment information for 1995, 1994 and 1993 (in millions). Intersegment sales have been eliminated from each segment's reported net sales.

	Net Sales			Operating Income (1) (2) (3)		
	1995	**1994**	**1993**	**1995**	**1994**	**1993**
Beer and Beer-Related	*$ 9,585.9*	$ 9,283.8	$ 8,725.7	*$1,557.7*	$1,784.5	$1,329.3
Entertainment	*754.6*	741.5	741.8	*75.2*	68.8	(42.8)
Consolidated	*$10,340.5*	$10,025.3	$ 9,467.5	*$1,632.9*	$1,853.3	$1,286.5

(1) Operating income excludes other expense, net, which is not allocated among segments. For 1995, 1994 and 1993, other expense, net of $171.2 million, $177.3 million and $145.5 million, includes net interest expense, other income and expense, and equity in earnings of affiliated companies.

(2) Operating income for 1995 includes the impact of the one-time, pretax charge of $160.0 million for the closure of the Tampa brewery, and the impact of the beer wholesaler inventory reduction.

(3) Operating income for 1993 includes the impact of the one-time, pretax restructuring charge of $401.3 million as a result of the company's Profitability Enhancement Program. The one-time charge relates to business segments as follows: $269.7 million for the beer and beer-related segment and $131.6 million for the entertainment segment.

	Identifiable Assets			Depreciation and Amortization Expense (4)		
	1995	1994	1993	1995	1994	1993
Beer and Beer-Related	$ 7,915.4	$ 7,719.0	$ 7,526.6	$484.7	$442.0	$416.6
Entertainment	1,463.1	1,426.7	1,470.5	80.9	75.0	76.1
Corporate (3)	448.4	404.4	384.4	—	—	—
Discontinued operations	764.0	997.3	886.2	—	—	—
Consolidated	$10,590.9	$10,547.4	$10,267.7	$565.6	$517.0	$492.7

(3) Corporate assets principally include cash, marketable securities and certain fixed assets.

(4) Consolidated depreciation and amortization expense includes $23.1 million, $17.0 million and $15.8 million of depreciation expense related to corporate assets for 1995, 1994 and 1993, respectively.

	Capital Expenditures		
	1995	1994	1993
Beer and Beer-Related	$845.4	$563.0	$531.8
Entertainment	107.1	99.8	124.5
Consolidated	$952.5	$662.8	$656.3

18. ADDITIONAL INFORMATION

Additional balance sheet information (in millions) is summarized below:

	1995	1994
Plant and Equipment:		
Land	$ 248.4	$ 225.8
Buildings	3,081.7	3,007.4
Machinery and equipment	7,333.3	6,921.8
Construction in progress	656.3	519.6
	11,319.7	10,674.6
Accumulated depreciation	(4,556.7)	(4,180.0)
	$ 6,763.0	$ 6,494.6
Investments and Other Assets:		
Investments in and advances to affiliated companies	$ 671.6	$ 664.4
Investment properties	125.2	141.5
Deferred charges	312.7	261.5
Goodwill	443.8	442.0
	$ 1,553.3	$ 1,509.4

Summarized below is selected financial information for Anheuser-Busch, Inc. (a wholly owned subsidiary of Anheuser-Busch Companies, Inc.) as of and for the years ended December 31 (in millions):

	1995	1994	1993
Income Statement Information:			
Net sales	$7,594.9	$7,797.3	$7,624.0
Gross profit	2,889.6	2,937.7	2,844.8
Net income (1) (2) (3)	713.7	854.1	712.7
Balance Sheet Information:			
Current assets	550.1	617.6	
Noncurrent assets	13,004.6	12,096.8	
Current liabilities	1,242.9	724.7	
Noncurrent liabilities (1)	3,152.7	3,529.9	

(1) Anheuser-Busch, Inc. is co-obligor for all outstanding Anheuser-Busch Companies, Inc. indebtedness. Accordingly, all such debt is included as an element of noncurrent liabilities and the interest thereon is included in the determination of net income.

(2) Net income for 1995 reflects the after-tax charge of $99.2 million relating to the closure of the Tampa brewery, and the after-tax impact of the beer wholesaler inventory reduction.

(3) Net income for 1993 reflects $89.6 million representing Anheuser-Busch, Inc.'s share of the $401.3 million pretax restructuring charge.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

Year Ended December 31, 1995	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Net Sales	$2,318.2	$2,823.2	$2,966.5	$2,232.6	$10,340.5
Gross Profit	776.8	1,027.8	1,088.0	656.9	3,549.5
Income/(loss) from continuing operations	221.7	329.9	343.9	(8.9)	886.6
(Loss) from operations of discontinued segment	(5.6)	(0.8)	(4.2)	(8.2)	(18.8)
(Loss) on disposal of discontinued segment	—	—	—	(225.5)	(225.5)
Net Income/(Loss)	$ 216.1	$ 329.1	$ 339.7	$ (242.6)	$ 642.3
Fully diluted earnings per share:					
Income/(loss) from continuing operations	$ .85	$ 1.26	$ 1.33	$ (.03)	$ 3.42
(Loss) from operations of discontinued segment	(.02)	—	(.02)	(.03)	(.05)
(Loss) on disposal of discontinued segment	—	—	—	(.88)	(.88)
Net Income/(Loss)	$ .83	$ 1.26	$ 1.31	$ (.94)	$ 2.49

Fourth quarter 1995 net income from continuing operations includes the nonrecurring after-tax charge of $99.2 million related to the closure of the Tampa brewery, and the after-tax impact of the beer wholesaler inventory reduction.

Year Ended December 31, 1994	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Net Sales	$2,181.4	$2,697.1	$2,828.0	$2,318.8	$10,025.3
Gross Profit	731.5	985.6	1,068.7	747.4	3,533.2
Income from continuing operations	200.7	322.5	329.5	161.8	1,014.5
Income from operations of discontinued segment	3.7	—	—	13.9	17.6
Net Income	$ 204.4	$ 322.5	$ 329.5	$ 175.7	$ 1,032.1
Fully diluted earnings per share:					
Income from continuing operations	$ .75	$ 1.20	$ 1.24	$ .62	$ 3.81
Income from operations of discontinued segment	.01	—	—	.06	.07
Net Income	$ .76	$ 1.20	$ 1.24	$ .68	$ 3.88

20. RISK MANAGEMENT

The purpose of the company's hedging activities is to protect the company from exchange rate and commodity price volatility. *Purchased* option, swap and forward contracts are utilized in the company's currency and commodity hedging strategy. The company does not hold or issue financial instruments for trading purposes. Financial instruments are rarely sold before maturity, and generally do not extend beyond two years. The company primarily hedges foreign currency exposures arising from the sale of product to foreign customers or purchases from foreign suppliers, and commodity price exposure relating to the acquisition of raw materials. Realized and unrealized gains and losses related to these contracts are immaterial.

The table below summarizes the notional amount of outstanding currency and commodity contracts, by instrument, at December 31 (in millions):

	Gross Notional Amount	
	1995	1994
Currency:		
Forwards	$108.5	$190.0
Options	208.1	181.7
	$316.6	$371.7
Commodities:		
Swaps	$153.3	$ —

The table below summarizes the notional amount of outstanding forward and purchased option contracts, by currency, with a designation of "long" or "short" with respect to the underlying exposure (1), at December 31 (in millions):

	Net Underlying Exposure		Gross Notional Amount	
	1995	1994	1995	1994
Japanese yen	Long	Long	$191.8	$243.0
German mark	Short	Short	37.1	43.5
British pound	Long	Long	43.9	54.4
Other currencies	Long and Short	Long and Short	43.8	30.8
			$316.6	$371.7

(1) "Long" indicates the company has foreign currency in excess of its needs. "Short" indicates the company requires additional foreign currency to meet future needs.

Financial Summary — Operations

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions, except per share data)

	1995	1994	1993
CONSOLIDATED SUMMARY OF OPERATIONS			
Barrels sold	87.5	88.5	87.3
Sales	$12,004.5	$11,705.0	$11,147.3
Federal and state excise taxes	1,664.0	1,679.7	1,679.8
Net sales	10,340.5	10,025.3	9,467.5
Cost of products and services	6,791.0	6,492.1	6,167.6
Gross profit	3,549.5	3,533.2	3,299.9
Marketing, distribution and administrative expenses	1,756.6	1,679.9	1,612.1
Shutdown of Tampa brewery	160.0	—	—
Restructuring charge	—	—	401.3
Operating income	1,632.9 (1)	1,853.3	1,286.5 (2)
Interest expense	(225.9)	(219.3)	(205.1)
Interest capitalized	24.3	21.8	35.2
Interest income	9.9	2.6	3.4
Other income/(expense), net	20.5	17.6	21.0
Income before income taxes	1,461.7 (1)	1,676.0	1,141.0 (2)
Income taxes (current and deferred)	575.1	661.5	452.6
Revaluation of deferred tax liability	—	—	31.2
Income from continuing operations	886.6 (1)	1,014.5	657.2 (2)
Income/(loss) from discontinued operations	(244.3)	17.6	(62.7)
Income before cumulative effect of accounting changes	642.3	1,032.1	594.5
Cumulative effect of changes in the method of accounting for postretirement benefits (FAS 106) and income taxes (FAS 109), net of tax benefit of $186.4 million	—	—	—
NET INCOME	$ 642.3	$ 1,032.1	$ 594.5
PRIMARY EARNINGS PER SHARE:			
Continuing operations	$ 3.44	$ 3.84	$ 2.40 (2)
Discontinued operations	(.95)	.07	(.23)
Income before cumulative effect	2.49	3.91	2.17
Cumulative effect of accounting changes	—	—	—
Net income	$ 2.49	$ 3.91	$ 2.17
FULLY DILUTED EARNINGS PER SHARE:			
Continuing operations	$ 3.42 (1)	$ 3.81	$ 2.40 (2)
Discontinued operations	(.93)	.07	(.23)
Income before cumulative effect	2.49	3.88	2.17
Cumulative effect of accounting changes	—	—	—
Net income	$ 2.49	$ 3.88	$ 2.17
Cash dividends paid:			
Common stock	429.5	398.8	370.0
Per share	1.68	1.52	1.36
Preferred stock	—	—	—
Per share	—	—	—
Average number of common shares:			
Primary	257.9	264.1	274.3
Fully diluted	262.2	269.0	279.3

Note: All per share information and average number of common shares data reflect the September 12, 1986 two-for-one stock split and the June 14, 1985 three-for-one stock split. All financial information has been restated to recognize the 1995 divestiture of the food products segment. All amounts include the acquisition of Sea World as of December 1, 1989. Financial information prior to 1988 has been restated to reflect the 1988 adoption of Financial Accounting Standards No. 94, "Consolidation of Majority-Owned Subsidiaries."

(1) 1995 results include the impact of the one-time pretax charge of $160.0 million for the closure of the Tampa brewery, and the $74.5 million pretax impact of the beer wholesaler inventory reduction. Excluding these nonrecurring special items, operating income, pretax income, net income and fully diluted earnings per share would have been $1,867.3 million, $1,696.2 million, $1,032.3 million and $3.98, respectively.

1992	1991	1990	1989	1988	1987	1986	1985
86.8	86.0	86.5	80.7	78.5	76.1	72.3	68.0
$11,008.6	$10,631.9	$9,716.1	$8,553.7	$8,120.5	$7,605.0	$7,001.5	$6,420.2
1,668.6	1,637.9	868.1	802.3	781.0	760.7	724.5	683.0
9,340.0	8,994.0	8,848.0	7,751.4	7,339.5	6,844.3	6,277.0	5,737.2
6,051.8	5,953.5	5,963.4	5,226.5	4,878.1	4,467.1	4,122.7	3,895.8
3,288.2	3,040.5	2,884.6	2,524.9	2,461.4	2,377.2	2,154.3	1,841.4
1,583.7	1,409.5	1,364.9	1,244.3	1,245.2	1,274.4	1,179.9	1,011.4
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,704.5 (3)	1,631.0	1,519.7	1,280.6	1,216.2	1,102.8	974.4	830.0
(194.6)	(234.0)	(277.2)	(172.9)	(134.6)	(114.1)	(85.5)	(85.2)
46.9	45.6	52.5	49.8	42.9	38.9	31.0	37.2
4.4	6.6	4.3	7.9	9.8	12.8	9.6	21.0
(2.5)	1.3	(16.5)	17.7	(15.5)	3.9	(1.2)	(15.2)
1,558.7 (3)	1,450.5	1,282.8	1,183.1	1,118.8	1,044.3	928.3 (4)	787.8
594.6	549.6	481.4	438.2	422.0	439.1	419.0	348.2
—	—	—	—	—	—	—	—
964.1 (3)	900.9	801.4	744.9	696.8	605.2	509.3 (4)	439.6
30.1	38.9	41.0	22.3	19.1	9.5	8.7	4.1
994.2	939.8	842.4	767.2	715.9	614.7	518.0	443.7
(76.7)	—	—	—	—	—	—	—
$ 917.5	$ 939.8	$ 842.4	$ 767.2	$ 715.9	$ 614.7	$ 518.0	$ 443.7
$ 3.37	$ 3.12	$ 2.82	$ 2.60	$ 2.38	$ 2.01	$ 1.66	$ 1.41
.11	.14	.14	.08	.07	.03	.03	.01
3.48	3.26	2.96	2.68	2.45	2.04	1.69	1.42
(.26)	—	—	—	—	—	—	—
$ 3.22	$ 3.26	$ 2.96	$ 2.68	$ 2.45	$ 2.04	$ 1.69	$ 1.42
$ 3.36 (3)	$ 3.12	$ 2.81	$ 2.60	$ 2.38	$ 2.01	$ 1.66 (4)	$ 1.41
.10	.13	.14	.08	.07	.03	.03	.01
3.46	3.25	2.95	2.68	2.45	2.04	1.69	1.42
(.26)	—	—	—	—	—	—	—
$ 3.20	$ 3.25	$ 2.95	$ 2.68	$ 2.45	$ 2.04	$ 1.69	$ 1.42
338.3	301.1	265.0	226.2	188.6	148.4	120.2	102.7
1.20	1.06	.94	.80	.66	.54	.44	.36⅔
—	—	—	—	—	20.1	26.9	27.0
—	—	—	—	—	3.23	3.60	3.60
285.8	287.9	284.6	286.2	292.2	301.5	306.6	312.6
290.8	292.9	289.7	286.2	292.2	301.5	306.6	312.6

(2) 1993 results include the impact of two nonrecurring special charges. These charges are (1) a restructuring charge ($401.3 million pretax) and (2) a revaluation of the deferred tax liability due to the 1% increase in federal tax rates ($33.2 million after-tax). Excluding these nonrecurring special charges, operating income, pretax income, net income and fully diluted earnings per share would have been $1,687.8 million, $1,542.3 million, $933.2 million and $3.39, respectively.

(3) 1992 operating income, income before income taxes, net income and earnings per share reflect the 1992 adoption of the new Financial Accounting Standards pertaining to Postretirement Benefits (FAS 106) and Income Taxes (FAS 109). Excluding the financial impact of these Standards, 1992 operating income, income before income taxes, net income and fully diluted earnings per share would have been $1,819.3 million, $1,664.5 million, $1,022.1 million and $3.56, respectively.

(4) Effective January 1, 1986, the company adopted the provisions of Financial Accounting Standards No. 87 (FAS 87), Employers' Accounting For Pensions. The financial effect of FAS 87 adoption was to increase 1986 income before income taxes $33.9 million, net income $18 million and earnings per share $.06.

Financial Summary — Balance Sheet and Other Information

Anheuser-Busch Companies, Inc., and Subsidiaries

(In millions, except per share and statistical data)

	1995	1994	1993
BALANCE SHEET INFORMATION			
Working capital (deficit)	$ 268.6	$ 57.0	$ (41.3)
Current ratio	1.2	1.0	1.0
Plant and equipment, net	6,763.0	6,494.6	6,454.7
Long-term debt	3,270.1	3,066.4	3,019.7
Total debt to total capitalization	47.1%	47.3%	47.3%
Deferred income taxes	1,132.8	1,081.5	1,013.1
Convertible redeemable preferred stock	—	—	—
Shareholders equity	4,433.9	4,415.5	4,255.5
Return on shareholders equity	25.0% (4)	29.9%	18.8%(3)
Book value per share	14.44	13.29	12.62
Total assets	10,590.9	10,547.4	10,267.7
OTHER INFORMATION			
Capital expenditures	$ 952.5	$ 662.8	$ 656.3
Depreciation and amortization	565.6	517.0	492.7
Effective tax rate	39.3%	39.5%	42.4%
Price/earnings ratio	19.6 (4)	13.1	22.6 (3)
Percent of pretax profit on net sales	14.1%	16.7%	12.1%
Market price range of common stock (high/low)	68-50¾	55⅜-47⅛	60-44⅛

Note: All per share information reflects the September 12, 1986 two-for-one stock split and the June 14, 1985 three-for-one stock split. All financial information has been restated to recognize the 1995 divestiture of the food products segment. All amounts include the acquisition of Sea World as of December 1, 1989. Financial information prior to 1988 has been restated to reflect the adoption in 1988 of Financial Accounting Standards No. 94, "Consolidation of Majority-Owned Subsidiaries."

(1) This percentage has been calculated by including convertible redeemable preferred stock as part of equity, as it was convertible into common stock and traded primarily on its equity characteristics.

(2) These ratios have been calculated based on income from continuing operations before the cumulative effect of accounting changes.

(3) These ratios have been calculated based on reported income from continuing operations. Excluding the two nonrecurring 1993 charges ($401.3 million pretax restructuring charge and $31.2 million after-tax FAS 109 charge), return on shareholders equity would have been 26.7% and the price/earnings ratio would have been 13.8.

(4) These ratios have been calculated based on reported income from continuing operations. Excluding the two nonrecurring 1995 items ($160 million pretax charge for closure of the Tampa brewery and $74.5 million impact of the beer wholesaler inventory reduction), return on shareholders equity would have been 29.1% and the price/earnings ratio would have been 16.8.

1992	1991	1990	1989	1988	1987	1986	1985
$ 247.8	$ 107.9	$ (62.8)	$ (82.8)	$ (23.7)	$ 42.5	$ 9.3	$ 80.2
1.2	1.1	0.9	0.9	1.0	1.0	1.0	1.1
6,424.7	6,260.6	6,102.2	5,768.0	4,624.2	4,177.4	3,478.5	3,332.7
2,630.3	2,627.9	3,115.8	3,268.9	1,570.0	1,366.4	1,097.8	837.7
42.0%	43.9%	54.5%	60.7%	41.7%	40.6%	37.7%(1)	32.5%(1)
1,065.5	1,401.0	1,309.3	1,241.9	1,155.8	1,123.7	1,075.8	956.3
—	—	—	—	—	—	286.9	287.6
4,620.4	4,438.1	3,679.1	3,099.9	3,102.9	2,892.2	2,313.7	2,173.0
27.6%(2)	30.2%	34.0%	34.6%	33.3%	31.8%	28.7%(1)	26.4%(1)
13.03	11.80	9.21	7.48	7.74	6.81	5.67	5.25
9,954.9	9,642.5	9,274.2	8,690.1	6,788.9	6,260.3	5,605.0	4,966.7
$ 628.8	$ 625.5	$ 805.3	$ 979.0	$ 858.1	$ 716.9	$ 661.1	$ 518.7
453.3	437.0	404.3	333.1	306.5	267.9	232.0	192.6
38.1%	37.9%	37.5%	37.0%	37.7%	42.0%	45.1%	44.2%
16.9 (2)	18.9	14.6	14.4	12.9	16.4	15.5	14.9
16.7%	16.1%	14.5%	15.3%	15.2%	15.3%	14.8%	13.7%
60 1/2-52 1/8	61 1/2-39 5/8	45-34 1/4	45 7/8-30 5/8	34 1/8-29 1/8	39 3/4-26 3/8	28 5/8-20	22 7/8-11 7/8

The management of Anheuser-Busch Companies, Inc. is responsible for the financial statements and other information included in this annual report. Management has selected those generally accepted accounting principles it considers appropriate to prepare the financial statements and other data contained herein.

The company maintains accounting and reporting systems, supported by an internal control system, which management believes are adequate to provide reasonable assurances that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing financial statements. During 1995, the company's internal auditors, in conjunction with Price Waterhouse, its independent accountants, performed a comprehensive review of the adequacy of the company's internal accounting control system. Based on the comprehensive review, it is management's opinion that the company has an effective system of internal accounting control.

The Audit Committee of the Board of Directors, which consists of seven nonmanagement directors, oversees the company's financial reporting and internal control systems, recommends selection of the company's public accountants and meets with the public accountants and internal auditors to review the overall scope and specific plans for their respective audits. The committee held four meetings during 1995. A more complete description of the functions performed by the Audit Committee can be found in the company's proxy statement.

The report of Price Waterhouse on its examinations of the consolidated financial statements of the company appears on the next page.

Price Waterhouse LLP

One Boatmen's Plaza
St. Louis, MO 63101

February 6, 1996

To the Shareholders and Board of Directors of
Anheuser-Busch Companies, Inc.

We have audited the accompanying Consolidated Balance Sheet of Anheuser-Busch Companies, Inc. and its subsidiaries as of December 31, 1995 and 1994, and the related Consolidated Statements of Income, Changes in Shareholders Equity and Cash Flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of Anheuser-Busch Companies, Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

Price Waterhouse LLP

ANHEUSER-BUSCH COMPANIES, INC.

*Policy Committee as of 12/31/95 (*Member of the Corporate Office)*

August A. Busch III*
Chairman of the Board and President

Jerry E. Ritter*
Executive Vice President—Chief Financial and Administrative Officer

Patrick T. Stokes*
Vice President and Group Executive

Barry H. Beracha
Vice President and Group Executive

John H. Purnell
Vice President and Group Executive

W. Randolph Baker
Vice President and Group Executive

Stephen K. Lambright
Vice President and Group Executive

Raymond E. Goff
Senior Vice President—Asia-Pacific

Jaime Iglesias
Chairman of the Board and Senior Vice President—Europe, Anheuser-Busch Europe, Inc.

Aloys H. Litteken
Vice President—Corporate Engineering

William L. Rammes
Vice President—Corporate Human Resources

John B. Roberts
Chairman of the Board and President—Busch Entertainment Corporation

Joseph L. Goltzman
Vice President and Group Executive

Donald W. Kloth
Vice President and Group Executive

John E. Jacob
Executive Vice President and Chief Communications Officer

Other Officers

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Vice President—Corporate Affairs

Jesse Aguirre
Vice President—Mexico

Gerald C. Thayer
Vice President and Controller

Kenn A. Reynolds
Vice President—Corporate Research and Development

Richard F. Keating
Vice President—National Affairs

Ellis W. McCracken Jr.
Vice President and General Counsel

Royce J. Estes
Vice President and Deputy General Counsel

Stephen J. Burrows
Vice President—International Marketing

JoBeth G. Brown
Vice President and Secretary

Mark Boranyak
Vice President—State Affairs

Judith A. Roberts
Vice President and Executive Assistant to the Chairman of the Board

Jesus Rangel
Vice President—Corporate Relations

James D. Starling
Vice President and Corporate Representative

John S. Koykka
Vice President—International Development

Robert W. Mason
Vice President and Chief Information Officer

Francine I. Katz
Vice President—Consumer Awareness and Education

Marie C. Carroll
Vice President—Corporate Financial Planning

Eric M. Schmitz
Vice President—Corporate Labor Relations

Mark T. Bobak
Vice President—Litigation

John T. Farrell
Vice President—Employee Benefits

Stephen D. LeResche
Vice President—Public Communications

Richard C. Socolofsky
Vice President—Personnel

William J. Kimmins
Treasurer

John D. Castagno
Tax Controller

Laura H. Reeves
Assistant Secretary

Richard N. Hill
Assistant Treasurer

Ronald S. Burkhardt
Assistant Controller

William J. Mayor
Assistant Controller

John F. Kelly
Assistant Controller

PRINCIPAL OFFICERS OF ANHEUSER-BUSCH COMPANIES SUBSIDIARIES

Anheuser-Busch, Inc.
(† Member of the Anheuser-Busch, Inc. Management Committee)

August A. Busch III
Chairman of the Board and Chief Executive Officer

Patrick T. Stokes†
President

Gerhardt A. Kraemer†
Vice President—Brewing

James F. Hoffmeister†
Vice President—Administration

Gary R. Welker†
Vice President—Distribution Systems and Services

Anthony T. Ponturo†
Vice President—Corporate Media

Joseph P. Sellinger†
Vice President—Operations

August A. Busch IV†
Vice President—Brand Management

Joseph P. Castellano†
Vice President—Wholesale Operations Division

Phillip J. Colombatto†
Vice President—Quality Assurance

Michael J. Brooks†
Vice President—Sales

Thomas R. Billen
Vice President—Business Planning

James D. Boden
Vice President—Operations Control

Mark E. Danner
Vice President—Sales Development

Robert J. Goughenour
Vice President—Wholesaler Development

John J. Hanichak III
Vice President—National Retail Sales

William E. Hickman
Vice President—Plant Operations

Salvatore J. LaMartina
Vice President—Revenue Management

Michael J. Owens
Vice President—Geographic and Ethnic Marketing

Anheuser-Busch International, Inc.

John H. Purnell
Chairman of the Board and Chief Executive Officer

Stephen J. Burrows
President and Chief Operating Officer

John S. Koykka
Executive Vice President—Development and Chief Financial Officer

Jesse Aguirre
Executive Vice President—Mexico

Robert J. Gunthner
Vice President and Regional Director—Americas

Christopher Stainow
Vice President and Regional Director—U.K./Republic of Ireland

Takao Kondo
Vice President and Managing Director—Budweiser Japan Company, Ltd.

Jan Lambrecht
Vice President and Regional Director—Continental Europe

Philip C. Davis
Vice President and Managing Director—Anheuser-Busch China

George S. Thomas
Senior Vice President—Legal Affairs

Richard H. Faught
Vice President—International Affairs

Frederic E. Giersch III
Vice President—Sales Development

Mark F. Schumm
Vice President—Planning and Administration

Anheuser-Busch Investment Capital Corporation

Patrick T. Stokes
Chairman of the Board and Chief Executive Officer

Robert A. Legg
President

John L. Hamilton
Vice President

Busch Agricultural Resources, Inc.

Donald W. Kloth
Chairman of the Board and Chief Executive Officer

Melvern K. Anderson
President

Stephen D. Malin
Vice President—Operations

Thomas M. Wood
Vice President—Technical Operations

Thomas L. Tangaro
Vice President—Staff Operations

Metal Container Corporation

Joseph L. Goltzman
Chairman of the Board, President and Chief Executive Officer

James E. Engelhuber
Executive Vice President and Chief Operating Officer

Allan T. Copestick
Vice President—Sales and Marketing

Robert F. Wellise
Vice President—Technology

Gary A. Bybee
Vice President—Finance, Planning and Information Technology

Nancy E. Jakse
Vice President—Quality

Robert G. Green
Vice President—Human Resources

Charles Rothofsky
Vice President—Lid Operations and Operations Engineering

William C. Wilkenloh
Vice President—International Development

Anheuser-Busch Recycling Corporation

Joseph L. Goltzman
Chairman of the Board, President and Chief Executive Officer

G. Weber Gaskin
Executive Vice President and Chief Operating Officer

Precision Printing and Packaging, Inc.

Joseph L. Goltzman
Chairman of the Board

Barry W. Miller
President

Lester H. Mangold
Vice President—Finance and Administration

Randall D. Jacobs
Vice President—Marketing and Customer Services

Busch Entertainment Corporation

John B. Roberts
Chairman of the Board and President

Melvin L. Bilbo
Vice President—Operations

J. Dennis Burks
Vice President—Food Service

Thomas L. Corrigan
Vice President—Finance and Planning

Richard A. Doolittle
Vice President—Human Resources

Donald L. Eddings
Vice President—Merchandise

Joseph G. Peczi
Vice President—Entertainment

Christopher M. Shea
Vice President—Marketing

James R. Yust
Vice President—Engineering

Busch Properties, Inc.

William L. Rammes
Chairman of the Board and President

John C. Martz Jr.
Vice President—Corporate Real Estate

William F. Brown
Vice President—Busch Corporate Centers

William B. Voliva
Vice President—Kingsmill on the James

Terri A. Haack
Vice President and General Manager—Kingsmill Resort

Busch Creative Services Corporation

Susan Busch Transou
Chairman of the Board, President and Chief Executive Officer

St. Louis Refrigerator Car Company; Manufacturers Railway Company

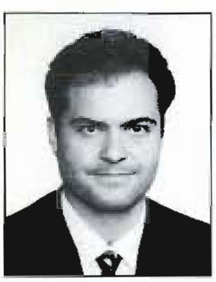
Edward R. Goedeke
Chairman, President and Chief Executive Officer

Joel A. Murnin
Group Vice President and Chief Financial Officer

August A. Busch III
Chairman of the Board and President–Anheuser-Busch Companies, Inc.
Joined board 1963

Andrew B. Craig III
Chairman and Chief Executive Officer–Boatmen's Bancshares, Inc.; a multi-bank holding company
Joined board 1990

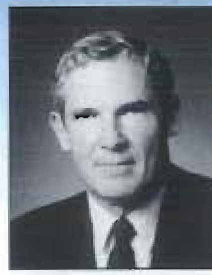
Bernard A. Edison
Director Emeritus–Edison Brothers Stores, Inc.; retail specialty stores
Joined board 1985



Carlos Fernandez G.
Vice Chairman of the Board of Directors–Grupo Modelo, S.A. de C.V.; a Mexican company engaged in brewing and related operations
Joined board 1996

Peter M. Flanigan
Director–Dillon, Read & Co., Inc.; an investment banking firm
Joined board 1978

John E. Jacob
Executive Vice President and Chief Communications Officer–Anheuser-Busch Companies, Inc.
Joined board 1990



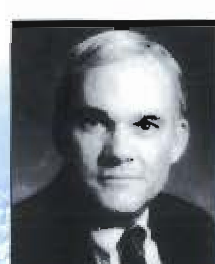
Charles F. Knight
Chairman of the Board and Chief Executive Officer–Emerson Electric Co.; a manufacturer of electrical and electronic equipment
Joined board 1987

Vernon R. Loucks Jr.
Chairman and Chief Executive Officer–Baxter International Inc.; an international manufacturer and marketer of health-care products, systems and services
Joined board 1988

Vilma S. Martinez
Partner–Munger, Tolles & Olson; attorneys
Joined board 1983

Sybil C. Mobley
Dean of the School of Business and Industry–Florida A&M University
Joined board 1981

James B. Orthwein
Partner–Huntleigh Asset Partners, L.P.; a private investment partnership
Joined board 1963



Andrew C. Taylor
President and Chief Executive Officer–Enterprise Rent-A-Car Company; a national car rental company
Joined board 1995

Douglas A. Warner III
Chairman of the Board and President–J.P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York; an international commercial and investment banking firm
Joined board 1992

William H. Webster
Partner–Milbank, Tweed, Hadley & McCloy; attorneys
Joined board 1991

Edward E. Whitacre Jr.
Chairman and Chief Executive Officer–SBC Communications, Inc.; a national communications corporation
Joined board 1988

Advisory Members

Richard T. Baker
Former Chairman and presently Consultant–Ernst & Ernst (now Ernst & Young); certified public accountants
Joined board 1978

Antonino Fernandez R.
Chairman and President–Grupo Modelo, S.A. de C.V.; a Mexican company engaged in brewing and related operations
Joined board 1993

Investor Information

Anheuser-Busch Companies, Inc.
World Headquarters

One Busch Place
St. Louis, Mo. 63118
314-577-2000

Annual Meeting

Wednesday, April 24, 1996, 10 a.m.
St. Louis, Mo.

Transfer Agent, Registrar and Dividend Payments

Boatmen's Trust Company
510 Locust Street
St. Louis, Mo. 63101
1-800-456-9852 314-466-1357

Dividend Reinvestment Plan

The company's Dividend Reinvestment Plan allows shareholders to reinvest dividends in Anheuser-Busch Companies, Inc. common stock automatically, regularly and conveniently—without service charges or brokerage fees. In addition, participating shareholders may supplement the amount invested with voluntary cash investments on the same cost-free basis. Plan participation is voluntary and shareholders may join or withdraw at any time. For more information, contact Boatmen's Trust Company (address above).

Stock Exchange Listings		Traded on These Exchanges	
New York	Zurich	Boston	Pacific
London	Geneva	Chicago	Philadelphia
Frankfurt	Basel	Cincinnati	
Paris	Tokyo		

Ticker Symbol: BUD
Newspaper Listing: AnheuserB

Independent Accountants

Price Waterhouse LLP
One Boatmen's Plaza
St. Louis, Mo. 63101

Trustee for Debentures and Notes

Chemical Bank
450 West 33rd St.
New York, N.Y. 10001
1-800-648-8380

Dividends

Dividends are normally paid in the months of March, June, September and December.

Other Information

Earnings results and dividend declarations will be announced on the following dates in 1996: April 10, July 10 and October 9.

You may obtain, at no charge, a copy of Anheuser-Busch Companies Annual Report to the Securities and Exchange Commission (Form 10-K) by writing to the Vice President and Secretary's office at the corporate address, or call 314-577-3889.

Copies of the corporation's "Fact Book," which contains general information about the company, may be obtained by writing to Corporate Communications, Anheuser-Busch Companies, Inc., One Busch Place, St. Louis, Mo. 63118

Anheuser-Busch Internet Addresses

http://budweiser.com
http://www.bev.net/education/SeaWorld

General Information by Phone (toll-free)

1-800-DIAL-BUD (1-800-342-5283)

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Produced by the Corporate Communications Department

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